

UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION

UNITED STATES OF AMERICA,  
  
Plaintiff,

v.

HONORABLE NANCY G. EDMUNDS

No. 12-CR-20030

D-1 JEFFREY BEASLEY,  
D-4 PAUL STEWART,  
D-5 RONALD ZAJAC,

Defendants.

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JURY TRIAL - VOLUME 17

Detroit, Michigan - November 3, 2014

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1 Detroit, Michigan

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3 9:01 a.m.

4 - - -

5 MR. PISZCZATOWSKI: Before we bring the jury out,  
6 this is the witness that the instruction applies with respect  
7 to Mr. Cunningham.

8 THE COURT: Okay. You want me to read this?  
9 There's a whole bunch of witnesses it applies to, but I'll be  
10 happy to read it before he continues his testimony.

11 MR. PISZCZATOWSKI: Thank you, Your Honor.

12 (Jury in 9:02 a.m.)

13 THE COURT: Good morning, everyone. Be seated.

14 Before we continue with Mr. Cunningham's testimony,  
15 I have one brief instruction to give you this morning. Hope  
16 everyone had a nice weekend. Not great weather but after  
17 Friday, it got better, and, of course, don't forget to vote  
18 tomorrow.

19 Here's the instruction. You have heard testimony  
20 and will hear additional testimony from government witnesses  
21 who have pled guilty to charges arising out of facts related to  
22 this case. You are instructed that you are to draw no  
23 conclusions or inferences of any kind about the guilt of the  
24 defendants on trial from the fact that a prosecution witness  
25 pled guilty to similar charges.

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1           The witness's decision to plead guilty was a  
2       personal decision about his own guilt. It may not be used by  
3       you in any way as evidence against or unfavorable to the  
4       defendants on trial here. Okay?

5           And we're ready for Mr. Cunningham.

6           Good morning, Mr. Cunningham, I remind you that  
7       you're still under oath.

8           THE WITNESS: I'm still under oath. Thank you.  
9       Good morning.

10                           **CROSS EXAMINATION (Continued)**

11       BY MR. PISZCZATOWSKI:

12       Q. Good morning, Mr. Cunningham, how are you?

13       A. Good. How are you?

14       Q. We talked a little bit on Friday.

15       A. Right.

16       Q. And I just want to pick up kind of where we left off.

17       There was a presentation made by Syncom to the board, correct?

18       A. Correct.

19       Q. And there were various -- I'm sorry, there was both a  
20       presentation to the General Retirement System board and the  
21       police and fire board, correct?

22       A. Correct.

23       Q. And there was an initial presentation --

24       A. Yes.

25       Q. -- by Syncom, and then subsequently there were various

Marc Andre Cunningham - Cross Examination  
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1 actions that the board took with respect to the investment.

2 A. Correct.

3 Q. And I just want to go through a couple of those if I could  
4 with you. I think you went through some of them with the  
5 government.

6 MR. PISZCZATOWSKI: If I could just see Syncom  
7 Number 2, please.

8 BY MR. PISZCZATOWSKI:

9 Q. So, Mr. Cunningham, I don't know if you were there, but on  
10 May 3, 2006, there was a meeting of the General Retirement  
11 System, and if you go to page, I guess it's 16, or page Syncom  
12 2-2, there is a reflection there, it talks about  
13 representatives at the top of the page from Syncom which  
14 included Mr. Thomas, Mr. McKnight and Mr. Jones and Mr. Wilkins  
15 presented to the board, you see that?

16 A. Yeah.

17 Q. And then it continues on where the board wanted to, on  
18 Syncom 2-3, resolve that it conditionally approved that  
19 investment, correct? It's at the first resolved paragraph  
20 there.

21 A. Yes.

22 Q. Conditionally approves the proposed investment and  
23 indicates its intention to complete the transaction provided  
24 all the requirements of the board are met, et cetera, fair  
25 enough?

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1 A. Fair enough.

2 Q. And then on the next page, 2-4, there was a vote, and that  
3 vote reflects six in favor and none in disfavor. Six yeses and  
4 no noes, so to speak?

5 A. Yes, correct.

6 Q. And then on May 4, which is Syncom Number 3, there was a  
7 meeting conducted by the Police and Fireman Retirement System,  
8 correct?

9 A. Yes.

10 Q. May 4<sup>th</sup>, that's what it reflects, and if you go to page  
11 Syncom 3-3, there was a sending out of the proposed investment  
12 for Syncom to due diligence, correct?

13 A. Correct.

14 Q. And that vote was seven votes in favor of sending it out to  
15 due diligence and one abstention, correct?

16 A. Correct.

17 Q. And one of the abstentions actually was Mr. -- trustee --  
18 was Trustee Stewart, fair enough?

19 A. Correct.

20 Q. Is that what it says?

21 A. That's what it says.

22 MR. PISZCZATOWSKI: Okay. Now, if we go to Syncom  
23 4, please.

24 BY MR. PISZCZATOWSKI:

25 Q. And if we go to Syncom 4-2, that was a police and fire

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1 meeting that occurred on May the 18<sup>th</sup>, May 18<sup>th</sup>, 2006, and  
2 that was a proposed investment that was proposed by Mr. Doyle  
3 and supported by Mr. Stewart, if you look right at the top  
4 line, correct? Well, it's actually one, two, the third line,  
5 if you will. See where it says "by Mr. Doyle"?

6 A. Oh, yeah.

7 Q. Supported by Mr. Stewart, fair enough?

8 A. Yes.

9 Q. And then there was a resolution there, second -- resolved  
10 from the bottom, I know I'm jumping around a little bit, but if  
11 you can just flow with me a little bit.

12 A. No worries.

13 Q. And there the board, the police and fire board  
14 conditionally approved the investment, just like the general  
15 did.

16 A. Correct.

17 Q. And there's a whole lot of resolved languages and a whole  
18 bunch of different things, but if we go to Syncom 4-4, there's  
19 a vote that's ultimately taken and it shows the vote with  
20 respect to that conditional approval, and there are eight in  
21 favor and no one voting negatively on that investment.

22 A. That is correct.

23 Q. Okay. And then if we continue to Syncom-5, 5-2, again,  
24 this is a meeting of the board, of the general board that  
25 occurred on May 24, 2006, and on the page 5-2, there's some

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1 action with respect to Syncom management with respect to the  
2 proposed \$15 million investment, and that was a resolution  
3 actually that the amount of the investment, the proposed  
4 investment, be \$15 million and that a copy of this resolution  
5 be forwarded to the project sponsor, legal counsel, et cetera,  
6 and then there was a vote with respect to that resolution, and  
7 that vote was seven to nothing, is that correct?

8 A. That is correct.

9 Q. So there are a lot of votes and a lot of activity with  
10 respect to the investment, most of them were unanimous or one  
11 person abstaining?

12 A. Correct.

13 Q. At least based on what we saw there?

14 A. That's correct.

15 Q. Now, the investment itself was, as you say, you told us, it  
16 was a real investment and Mr. Jones was a major guy, correct?

17 A. Correct.

18 Q. And that Syncom investment had raised a significant amount  
19 of capital prior to coming to the board.

20 A. Yes, correct.

21 Q. And they raised it from various sources, and I touched on a  
22 couple of them the other Friday, last Friday, and it would be  
23 fair to say that they proposed that investment as well to the  
24 New York State Common Fund, the retirement fund, got \$40  
25 million there.

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1 A. Correct.

2 Q. They went to Bank of America, got \$15 million there.

3 A. Correct.

4 Q. Syracuse University, 20 million there?

5 A. Correct.

6 Q. Went to the State of Connecticut and got 35 million?

7 A. Correct.

8 Q. And that was all disclosed, of course, to the board?

9 A. Absolutely.

10 Q. And these were things that the money got raised and the  
11 proposals got made, and ultimately we see what happened, 15  
12 million and 15 from both boards, fair enough?

13 A. Fair enough.

14 Q. Okay. You have a situation where you are helping to raise  
15 this money in front of the pension boards, correct?

16 A. Correct.

17 Q. And had an agreement -- I'm sorry, you had an agreement  
18 with Syncom, that was your agreement?

19 A. Correct.

20 Q. And at some point you are hired to work in the city?

21 A. Right.

22 Q. You -- before this, while you were trying to raise this  
23 money and helping Syncom make its proposals, you were not in  
24 the city.

25 A. Right.

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1 Q. You were in private industry, so to speak?

2 A. Correct.

3 Q. And when you went to the city, you figured you better make  
4 sure that it's okay to continue receiving money on your --

5 A. Correct.

6 Q. -- on your agreement, for lack of a better --

7 A. Correct.

8 Q. -- expression. So you actually did go to the city, you got  
9 a letter from the legal counsel there, in the City of Detroit,  
10 and got approval?

11 A. Correct.

12 Q. Now, when you were testifying, I mean, you testified a  
13 number of times, fair enough?

14 A. Fair enough.

15 Q. And would it be fair to say that the events are not easy to  
16 remember?

17 A. Yeah.

18 Q. Fair enough, right?

19 A. Especially today.

20 Q. And you're looking back now, we're in the year 2014, we're  
21 looking back to 2006?

22 A. Yes, eight years ago.

23 Q. Eight years. And a lot of what you're remembering or  
24 trying to remember, you're doing your best, obviously, correct?

25 A. Yes, I am.

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1 Q. And a lot of what you're talking about comes from what you  
2 said previously.

3 A. Yes.

4 Q. And you may not have an independent recollection of certain  
5 things right now, fair enough?

6 A. Fair enough.

7 Q. And so what you're relying on is what you might have said  
8 before, your report that you --

9 A. Yes.

10 Q. The statement that you might have made?

11 A. Yes.

12 Q. Whether it's under oath or not under oath?

13 A. Correct.

14 Q. And sometimes the details get fuzzy, fair enough?

15 A. Fair enough.

16 Q. I mean, by way of example, on a very minor issue, you  
17 indicated that you had attended Mr. Beasley's birthday party,  
18 correct?

19 A. Correct.

20 Q. Stayed there for a few minutes?

21 A. And left.

22 Q. And that was it?

23 A. Yeah.

24 Q. But when you talked to the agents in this case way back in  
25 March of 2011, you told them you didn't attend the party,

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1 correct?

2 A. I did?

3 Q. Yeah. Do you want to see -- is there anything that you'd  
4 want to look at in terms of that that might refresh your --

5 A. Yeah.

6 Q. Like I say, it a minor thing, but it's just one of those  
7 things.

8 A. Oh, yeah.

9 Q. Well, no, I can show you a report and see if that might  
10 refresh your recollection --

11 A. Okay.

12 Q. -- as to what you said back, again, back in March of 2011.

13 A. Well, I can definitively say, you know, I didn't attend in  
14 the sense that I didn't stay, I just stopped by. So attend is,  
15 you know, it's a vague term.

16 Q. Yeah.

17 A. I popped up, but I didn't stay, so that's what I meant.

18 But I didn't attend, I didn't stick around, I just paid my  
19 respects, kept moving. But go ahead, let me see what I said.

20 Q. I'll just show you what's been -- a 302 from March 29,  
21 2011, page 3, paragraph 5. So just look, read that first line  
22 to yourself.

23 A. Okay.

24 Q. And I'm not --

25 A. No, I got you.

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1 Q. It's not a big deal.

2 A. No.

3 Q. There's a lot of things that are --

4 A. Sketchy.

5 Q. -- sketchy. There's a lot of things that you're doing your  
6 best to remember, but when you're trying to remember three,  
7 four years before as you're talking here, in March of '11,  
8 going back --

9 A. Five years, yes.

10 Q. -- five years.

11 THE COURT: Mr. Cunningham, you need to let him  
12 finish his sentence.

13 THE WITNESS: I'm sorry.

14 THE COURT: You tend to just jump in because you  
15 know what he's asking you. Let him finish because that's the  
16 only way Suzanne can get it down.

17 THE WITNESS: I apologize.

18 BY MR. PISZCZATOWSKI:

19 Q. So we have those incidences where you got no motivation, no  
20 reason to lie about whether you're at a birthday party,  
21 obviously, right, it just goes to recollection?

22 A. Correct.

23 Q. Right, your memory?

24 Now, there was some discussion about the fact that  
25 there was a meeting, we called it a meeting, that happened at

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1 Mosaic, correct?

2 A. Correct.

3 Q. And that was a meeting -- was that, like, a formal meeting,  
4 like I would say a meeting where you put it in your calendar,  
5 say, you know, I got a meeting at 9:30 at federal courthouse  
6 with Mr. Cunningham, or something like that?

7 A. No.

8 Q. It was just a get-together, if you will, people were there?

9 A. Yes.

10 Q. And at the time that you had that meeting, if you will, or  
11 when you had that conversation at the Mosaic, you indicated  
12 initially, couple days ago, Friday, that Jeff Beasley may have  
13 been there, correct?

14 A. Correct.

15 Q. And when you initially talked -- well, I say initially, but  
16 when you talked to the agents on February 4<sup>th</sup> of 2010, and  
17 you talked about -- you also said the same thing, that  
18 Jeffrey Beasley may have been there, fair enough?

19 A. Fair enough.

20 Q. And when you testified in the grand jury in September of  
21 2010, you said Jeffrey Beasley may have been there.

22 A. Right.

23 Q. And the reason you used the word "may" as opposed to "was  
24 there" is because you had no real recollection as to whether or  
25 not he was actually at that meeting?

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1 A. Correct.

2 Q. And when we use the word "may" it's like maybe yes, maybe  
3 no?

4 A. Yes.

5 Q. And as you sit here today, you search your memory, you're  
6 under oath, as you sit here today, do you have any independent  
7 recollection of whether Mr. Beasley was or wasn't at that  
8 meeting?

9 A. I can't say with certainty, one way -- I mean, I think he  
10 was there.

11 Q. So basically you're thinking he was there, and the reason  
12 that you think he was there is because he was always at Mosaic,  
13 right?

14 A. Pretty much.

15 Q. So if there was a day when he wasn't at Mosaic and you had  
16 this meeting, well, so be it.

17 A. Right.

18 Q. But the reason you're doing that is basically saying,  
19 look-it, I know when I went to Mosaic, generally Jeff was  
20 there?

21 A. Pretty much.

22 Q. But you don't have -- when I say an independent  
23 recollection, you can't go back in your brain and say, "Let me  
24 close my eyes, let me think about that day, I see  
25 Jeffrey Beasley there."

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1 A. Right.

2 Q. Now, do you also recall talking about the fact that, at  
3 some point, you began paying Mr. Bernard Kilpatrick some money?

4 A. Yes.

5 Q. And would it be fair to say that every time you paid  
6 Bernard Kilpatrick some money, you would also tell  
7 Mr. Kwame Kilpatrick, "Hey, I took care of your dad," or, "I  
8 paid your dad some money"?

9 A. Most of the time, yes.

10 Q. And the reason you would do that is because you wanted to  
11 be in Mr. Kilpatrick's, when I say Mr. Kwame Kilpatrick, the  
12 mayor's, good graces, so to speak?

13 A. Yes.

14 Q. You wanted to build your stature, if you will, with  
15 Mr. Kwame Kilpatrick?

16 A. Yes.

17 Q. And so whenever you would do that, you would say to him,  
18 "Hey, I took care of your dad."

19 A. Yes.

20 Q. Now, when -- before you would pay him, were there times  
21 when Mr. Kilpatrick would say to you, "Hey, did the money come  
22 in," or, "Do you got my payment," or anything of that nature,  
23 something of those?

24 A. Which Mr. Kilpatrick?

25 Q. I'm sorry, I apologize. Good. Would Bernard Kilpatrick

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1 come to you and say, "Hey, did you get your payment? Did you  
2 get your money?"

3 A. Yes.

4 Q. That was a fairly frequent occurrence?

5 A. Yes.

6 Q. And he would be looking to get paid, correct?

7 A. Correct.

8 Q. Contrary to that, did Mr. Jeffrey Beasley ever come to you  
9 and say, "Hey, you got some money for me?"

10 A. Never.

11 Q. Did he ever come to you and say, "Hey, did you get paid on  
12 the Syncom deal, and I want my cut"?

13 A. No.

14 Q. So it was a totally different situation between yourself  
15 and Mr. Beasley and yourself and Mr. Bernard Kilpatrick?

16 A. Yes.

17 Q. Fair enough?

18 A. Fair enough.

19 Q. When you discussed the fact that -- I'm going to go back to  
20 one thing that I forgot to mention.

21 Are you even certain as to when that meeting  
22 happened between yourself and Mr. Jackson about paying  
23 Mr. Bernard Kilpatrick?

24 A. Am I certain when it happened?

25 Q. Yeah.

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1 A. No, I don't -- no.

2 Q. So not only were you not certain about when it happened,  
3 but you're not certain who was actually there at the meeting,  
4 other than Mr. Jackson?

5 A. Right.

6 Q. Now, you wanted to keep the fact that you were getting  
7 these payments from Syncom on your consulting agreement on the  
8 down-low, correct?

9 A. Yes.

10 Q. And you were afraid that if someone else found out that  
11 basically, you know, you might have to be paying more money to  
12 Mr. Bernard Kilpatrick.

13 A. Exactly.

14 Q. That was the motivation?

15 A. Yes.

16 Q. And when you were asked by the government at trial, said  
17 like who knew, do you recall answering that only your wife and  
18 Phil Ragan -- do you know who knew?

19 A. Uh-huh.

20 Q. And tell us who -- we know who your wife would be, but tell  
21 us who Mr. Ragan would be.

22 A. He was my attorney.

23 Q. He was your attorney.

24 A. Uh-huh.

25 Q. So he knew what you were getting in terms of these

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1 payments, correct?

2 A. Correct.

3 Q. And when you were asked that question, those are the two  
4 people you said knew about this arrangement, fair enough?

5 A. Fair enough.

6 Q. Obviously, Bernard Kilpatrick knew because you were paying  
7 him?

8 A. Oh, yeah, correct.

9 Q. And Kwame Kilpatrick knew because you told him that?

10 A. Correct.

11 Q. Now, when you made these payments to Mr. Beasley, you  
12 talked about those payments, remember that? You gave him some  
13 dough. I don't want to say payments. That's a bad way of  
14 putting it.

15 A. Yeah.

16 Q. But you gave him some dough, right?

17 A. Right.

18 Q. Gave him some money. And you told us that you really don't  
19 remember how much you gave him?

20 A. Correct.

21 Q. And you told us that you didn't keep -- it wasn't like  
22 you're keeping a ledger?

23 A. No such thing.

24 Q. It's not like you're saying I'm going to loan you a  
25 thousand and I'm going to get back a thousand and I'm going to

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1 do this.

2 A. That --

3 Q. That wasn't what it was about?

4 A. No.

5 Q. We established that on Friday pretty clearly.

6 A. Yes.

7 Q. If you needed money, you could get it from Mr. Beasley --

8 A. Yes.

9 Q. -- if you were short. If he was short and he needed some  
10 money, he could get it from you.

11 A. Correct.

12 Q. You thought that you were really on the short end of that  
13 tradeoff?

14 A. Right.

15 Q. And you felt you wanted to give him some money?

16 A. Correct.

17 Q. So at the time -- correct me if I'm wrong -- you're working  
18 for the city?

19 A. Yes.

20 Q. You're making six figures at that point, correct?

21 A. Not quite.

22 Q. Oh, not quite. Okay. Do you remember what you were  
23 making?

24 A. I don't, not off the top of my head, but it wasn't six  
25 figures.

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1 Q. Okay. But, like, give me a guess, 75?

2 A. 70, something like that, yeah.

3 Q. And then you were getting these payments for 100,000, if  
4 you will, a year?

5 A. Yes.

6 Q. Correct? Over the course of three years?

7 A. Yes.

8 Q. And the money that you had and that you gave to  
9 Mr. Beasley -- like I said, you didn't keep a ledger, you  
10 didn't keep an accounting?

11 A. No.

12 Q. So you really -- and you told us that. You really didn't  
13 know exactly how much you gave him.

14 A. Yes.

15 Q. There was a time when you indicated, and you testified that  
16 there was a figure that was thrown out to you.

17 A. Yes.

18 Q. And you said, "You know, okay, that may be right," correct?

19 A. Correct.

20 Q. And who threw that figure out to you?

21 A. One of the FBI agents.

22 Q. And then you actually indicated at a trial in this matter  
23 when you testified that that was an estimate that you were  
24 given, correct?

25 A. Correct.

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1 Q. And then you went on to say, and that's the estimate you're  
2 rolling with, correct?

3 A. Correct.

4 Q. So that was the estimate you were given, that's the  
5 estimate you're rolling with?

6 A. Correct.

7 Q. That wasn't a number that you came up with and said?

8 A. No, I didn't come up with that number.

9 THE COURT: I'm sorry, Mr. Piszczatowski, I think I  
10 may have missed something. What estimate are we talking about?  
11 Estimate of what?

12 MR. PISZCZATOWSKI: I'm sorry, Your Honor, thank you  
13 for clarifying.

14 BY MR. PISZCZATOWSKI:

15 Q. And I was talking about the money that you gave to  
16 Mr. Beasley.

17 A. Yes.

18 Q. Correct, that you -- probably you and I are the only guys  
19 that knew what we were talking about there.

20 A. Right, right.

21 Q. But in terms of the money that you gave to Mr. Beasley,  
22 there was an estimate that you were given, correct?

23 A. Correct.

24 Q. And that came from the agents?

25 A. Yeah.

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1 Q. After discussing it with them, obviously?

2 A. Yeah.

3 Q. And then you went and you said, that's the estimate you're  
4 going to roll with.

5 A. Yeah, they gave me a number, a figure. They threw that out  
6 there and so I didn't know. I don't know what it was, so I  
7 just assumed that -- I don't know if they were -- I didn't want  
8 to be off. If that was it, that was it. I don't know what it  
9 was. I still don't know what it was.

10 Q. And your concern was, hey, they might have known something  
11 that you didn't know?

12 A. So if it totaled up, it could be, I don't know.

13 Q. So they might have had some knowledge because, would it be  
14 fair to say that a lot of the questions they asked you they  
15 already knew the answer?

16 A. Exactly.

17 Q. And you didn't want to get caught in something where you  
18 were wrong?

19 A. Right.

20 Q. You really didn't have any idea what the number was?

21 A. Right.

22 Q. So you figure, "Well, you know what, better to be safe than  
23 sorry, and I'll just go along with the number that got thrown  
24 out to me."

25 A. Exactly.

Marc Andre Cunningham - Cross Examination  
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1 Q. Okay. That's fair.

2 Now, when you gave Mr. Beasley some money, sometimes  
3 it was -- you told us, sometimes it's was a couple hundred  
4 bucks?

5 A. Yeah, I mean, it varied. Could have been hundred, whatever  
6 I had in my pocket. If I had something in my pocket, here, but  
7 that's how we always did it.

8 Q. And that -- I'm sorry.

9 A. I mean, if I was ahead, if I had some money, you know, if I  
10 made some money, doing anything, I had some money, you know, we  
11 were together and if I could, here, here you go, no big deal.

12 Q. That's just how you did it?

13 A. Just how we did it. If I had five dollars, I gave him  
14 2.50. That's how we roll.

15 Q. And I just wanted to clarify something in case I didn't  
16 make it clear on Friday. You did not have any agreement to pay  
17 Mr. Beasley any money from the Syncom deal, fair enough?

18 A. No.

19 Q. You had no understanding with him that if he was going to  
20 vote a particular way that you would pay him money?

21 A. Absolutely not.

22 Q. There was -- the money that you gave him had nothing to do,  
23 if you will, with how he voted or what he did on that deal,  
24 correct?

25 A. Correct.

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1 Q. It was about your friendship with him?

2 A. Yes.

3 Q. And you felt good to give him that money which you talked  
4 about?

5 A. Yes.

6 Q. And it wasn't like Bernard asking for money, give me money,  
7 give me money, correct?

8 A. That was different, yes.

9 Q. In fact, you told us that on occasion, at least one  
10 occasion, remember, you said, hey -- you know, when you wanted  
11 to give Mr. Beasley some money and he actually said, "No, no."

12 A. "I'm good," yeah.

13 Q. Now, when you talk about the fact that there was money that  
14 was exchanged, you used the words something like, it wasn't  
15 like this, I'm going to give you some money, it wasn't like  
16 that. It was just that when you had the money, you gave him  
17 money, correct? Fair enough?

18 A. Fair enough.

19 Q. And he didn't even know where the money was coming from?

20 A. He didn't ask.

21 Q. And you didn't tell him?

22 A. I didn't tell him. We never asked though.

23 Q. Was it a common thing between guys to say -- there was the  
24 word, "Are you straight?"

25 A. Yes.

Marc Andre Cunningham - Cross Examination  
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1 Q. And was that actually a -- based on your relationship, and  
2 you can tell us this, was that actually a question of concern,  
3 like, "Are you straight, are you good, do you have money?"

4 A. Yeah, I was like, "You straight?" I mean, it's like, it  
5 can mean a lot of things, you know, depending on, you know, the  
6 situation. "You straight, you okay," or, "You straight, you  
7 need anything?"

8 You know, "You straight?" You know, that means like  
9 making sure you're okay, you're taken care of, are you all  
10 right, is there anything I can do to help you, you know, just  
11 unspoken but spoken way of being like, "I'm good. You  
12 straight? I got you. If you need something I'm here."

13 Q. Basically, a question of concern?

14 A. Correct.

15 Q. Whether you need anything?

16 A. Correct.

17 Q. "Can I help in any way?"

18 A. Exactly.

19 MR. PISZCZATOWSKI: Can I just take one second, Your  
20 Honor? I'm sorry.

21 THE COURT: Yes.

22 (Brief pause.)

23 BY MR. PISZCZATOWSKI:

24 Q. Now, at some point, Mr. Cunningham, you ended up sitting  
25 down and talking to the FBI, correct?

Marc Andre Cunningham - Cross Examination  
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1 A. Correct.

2 Q. And that discussion was prompted by something -- I'm sorry,  
3 that discussion, which happened sometime in 2010, correct?

4 A. Uh-huh.

5 Q. You have to say --

6 A. Correct.

7 Q. Thank you -- happened in connection with an incident that  
8 had really occurred three years before that?

9 A. Correct.

10 Q. And can you just briefly tell us what that incident that  
11 happened three years before that prompted that 2010 meeting  
12 was?

13 A. That was a incident with some undercover agents that were  
14 trying to do some deal in the city, some insurance deal. I  
15 mean, I'm speaking very vague, but pretty much it was a sting  
16 operation. I went to a meeting and they offered me some money.  
17 I initially declined the money, but they kept saying, "No, your  
18 father-in-law said it was all good. You're good."

19 So I took it, you know, not realizing that that was  
20 federal agents.

21 Q. So back in, as they say, back in 2007 or so, you were at a  
22 meeting, fair enough?

23 A. Right.

24 Q. I don't know if the jury heard all that, but that you  
25 ultimately got offered \$5,000?

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1 A. Uh-huh.

2 Q. And that \$5,000 was in order to do something for these  
3 folks who turned out to be FBI agents?

4 A. Correct.

5 Q. And basically you got, quote-unquote, stung?

6 A. Correct.

7 Q. And you then had a discussion subsequent to that with some  
8 agents, some local agents, correct?

9 A. Correct.

10 Q. But that -- didn't you say something like the Philadelphia  
11 Inquirer called you, or something like that?

12 A. Yeah. Somebody called me, they got a report, a call  
13 saying -- 'cause they did the same thing in another city  
14 apparently, and I don't know why they called me because I guess  
15 they knew I knew some of the people involved. They didn't know  
16 I was involved or what was going on, but they knew something.  
17 And then that's when I realized that those guys were agents,  
18 and I let the mayor know at that point, too.

19 Q. And you then start talking to the FBI, fair enough?

20 A. No, I didn't start talking to --

21 Q. No, no, I don't mean that. I'm sorry. I'm thinking but  
22 I'm not putting my mouth where my brain is. In 2010 you  
23 started talking to the FBI, after they came to see you?

24 A. Yeah, like, years later, years later, they came to see me,  
25 and initially when they came to see me -- because what had

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1 happened, after I got the money, I went downstairs and I told  
2 one of the guys that was involved in the deal, I said, "Man,  
3 why did this happen? I didn't ask for this. What's going on?"  
4 And I said, "Man, I don't even want this money, you know, I'm a  
5 little" -- and they said, "No, you keep it, it's okay. Don't  
6 worry about it." You know, so when the agent came, you know, I  
7 was thinking, well, I can just -- I gave it back because I  
8 really did try to give it back.

9               So when he first came, that's what I told him, but  
10 then he kept asking me and I said, "Yeah, it's not going to  
11 work." So I told him the truth that I did keep the money.

12 Q. Your initial inclination was to try to --

13 A. Get out of it.

14 Q. -- talk your way out of it?

15 A. I'm sorry. Yes.

16 Q. And, ultimately, you decided that's not a good approach  
17 here --

18 A. Correct.

19 Q. -- even though that might have been your initial thought,  
20 and then you decided to start talking to the FBI, correct?

21 A. Correct.

22 Q. All right. And the FBI then comes and they begin to  
23 interview you, fair enough?

24 A. Correct.

25 Q. And at some point you enter into an agreement and make a

Marc Andre Cunningham - Cross Examination  
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1 deal with the government, fair enough?

2 A. Correct.

3 Q. Okay. And before that, you had actually gotten a different  
4 kind of deal that was what's called a Kastigar where you were  
5 talking to the government and they said, "Hey, we're not going  
6 to use anything against you"?

7 A. Correct.

8 Q. And then later on, as you continue to tell them or provide  
9 information to them, you get a more solidified deal in terms of  
10 a plea deal, correct?

11 A. Correct.

12 Q. Okay. And when you made that deal, it was -- they didn't  
13 just come out initially the first time and say, "Here's your  
14 deal, 30 to 37 months," correct?

15 A. Correct.

16 Q. That was over the course of a fair amount of time?

17 A. Correct.

18 Q. And when I say "fair amount of time," I'll try to be more  
19 specific. I think you signed your deal sometime in eleven --  
20 or October or November of 2010, correct?

21 A. Correct.

22 Q. And your initial contacts with the FBI agent in this case,  
23 and I'm flipping through some pages, was sometime in late  
24 January 2010, correct?

25 A. Correct.

Marc Andre Cunningham - Cross Examination  
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1 Q. So over the course of 10 months you were providing  
2 information, correct?

3 A. Correct.

4 Q. On and off. I mean, not every day for 10 months.

5 A. Yeah, yeah, I mean, I only met with them, like, two times,  
6 two, three times.

7 Q. So then you reach an agreement in this case with respect to  
8 the fact that you're going to plead guilty?

9 A. Correct.

10 Q. And you actually sign up on a Rule -- what's called -- what  
11 we call a Rule 11 Plea Agreement, just a guilty plea agreement?

12 A. Correct.

13 Q. And in connection with that guilty plea agreement, you  
14 agreed also to cooperate with the government, correct?

15 A. Correct.

16 Q. And the cooperation was a situation where you were hoping  
17 that the government would then recommend leniency, you said.

18 A. Correct.

19 Q. And the deal, if you will, provides for a range of 30 to 37  
20 months, fair enough?

21 A. Fair enough.

22 Q. And if you provide truthful cooperation, the government, in  
23 its sole discretion, can make a motion to lower that 30 to 37  
24 months to less time, correct?

25 A. They can make a recommendation.

Marc Andre Cunningham - Cross Examination  
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1 Q. Recommendation, right?

2 A. Correct.

3 Q. And, obviously, it's the government who decides the truth,  
4 we talked about that earlier, right?

5 A. Correct.

6 Q. And --

7 A. Well --

8 Q. -- it's the government who decides whether they're going to  
9 make any kind of a recommendation to get a lower sentence, fair  
10 enough?

11 A. You said the government decides the truth?

12 Q. Pardon me?

13 A. You said it's the government who decides the truth?

14 Q. Decides if you're telling the truth.

15 A. I mean, I guess, yeah.

16 Q. And in connection with that, you're hoping for probation,  
17 correct?

18 A. Correct.

19 Q. I mean, let's be honest, you don't want to go to jail?

20 A. Correct.

21 Q. Nobody wants to go to jail, but certainly Mr. Cunningham  
22 could speak for himself.

23 A. Especially me.

24 Q. He doesn't want to go to jail.

25 A. Right.

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1 Q. You want to be out, you want to be able to spend time with  
2 your daughters, correct?

3 A. And son, yeah.

4 Q. And you want to be able to take them shopping and go to  
5 events and things of that nature, fair enough?

6 A. To spend time with them, yes.

7 Q. And if you go to jail, you don't have that opportunity?

8 A. Correct.

9 Q. Your freedom is limited by those walls, correct?

10 A. Correct.

11 Q. And so that's a pretty important motivation for you,  
12 correct?

13 A. Correct.

14 Q. Now, you're also, fair to say that you did not get charged  
15 with that \$5,000 incident that you talked about, you haven't  
16 been charged with that, correct?

17 A. Correct.

18 Q. Initially, you lied to a government agent. You didn't get  
19 charged with lying to a government agent, correct?

20 A. Correct.

21 Q. So whatever you got, the deal is the deal right now,  
22 correct?

23 A. Correct.

24 Q. And that's really why you're testifying here today?

25 A. Correct.

Marc Andre Cunningham - Redirect Examination  
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1 Q. You're testifying again to the best your ability?

2 A. Correct.

3 Q. But it's fair to say that memories fade, correct?

4 A. Correct.

5 Q. And your memory would have been a lot better seven years  
6 ago than it is today.

7 A. Correct.

8 MR. PISZCZATOWSKI: I don't have any other  
9 questions, Your Honor.

10 THE COURT: Thank you.

11 The other defendants want to cross?

12 MR. LADASZ: No, Your Honor.

13 THE COURT: Any redirect?

14 MS. DAWKINS DAVIS: Yes, Your Honor.

15 (9:37 a.m.)

16 **REDIRECT EXAMINATION**

17 BY MS. DAWKINS DAVIS:

18 Q. Mr. Cunningham, Mr. Piszczatowski just talked to you about  
19 the very first time that you began speaking with the FBI and  
20 that was in relation to the sting operation, correct?

21 A. Correct.

22 Q. And that meeting, that first meeting with the FBI was in  
23 2010, right?

24 A. Correct.

25 Q. You mentioned that, at the beginning of that meeting, your

Marc Andre Cunningham - Redirect Examination  
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1 first inclination was to tell the agent that you had, in fact,  
2 returned the \$5,000 to the gentleman who gave it to you,  
3 correct?

4 A. That is correct.

5 Q. But ultimately you corrected yourself, right?

6 A. Correct.

7 Q. How long between when you first told him that you took that  
8 money and when you corrected yourself and said, no -- or excuse  
9 me -- that you returned the money did you correct yourself and  
10 say, "I actually kept the money"?

11 A. It was like five minutes.

12 Q. That all occurred in one meeting, is that correct?

13 A. Yeah.

14 Q. During the course of that experience, did you come to  
15 understand that it was important for you to be honest in your  
16 communications with the agents?

17 A. Yes. Absolutely.

18 Q. And in your subsequent meetings with agents, were you  
19 trying to be truthful?

20 A. I was, absolutely, every time.

21 Q. You've testified a number of times in relation to the facts  
22 of this case, is that correct?

23 A. This is correct.

24 Q. And did you take that understanding to each of the  
25 individual times that you --

Marc Andre Cunningham - Redirect Examination  
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1 A. Every time.

2 Q. -- that you testified -- let me finish -- that you either  
3 testified or met with an agent?

4 A. Yes, every time.

5 Q. So when you previously testified that you gave two to  
6 \$3,000 almost every time that you received your payments from  
7 Syncom to Jeffrey Beasley, were you being truthful?

8 A. I was being truthful.

9 Q. And when the agent gave you a ballpark figure to say,  
10 "Could that have been about \$20,000," and you said, "About  
11 that," were you being honest?

12 A. I was being honest.

13 Q. Were you merely agreeing with the agent because you thought  
14 that he might know more than you?

15 A. I mean, I was a little nervous, and I was -- I wasn't  
16 merely doing anything, you know, so, no, I wasn't merely just  
17 agreeing with him, but I was -- I didn't know. I honestly  
18 didn't know. So I just assumed that that was it. So that's  
19 why I said, "Yes, that's it."

20 Q. Let me ask you this: If the agent said, "You gave about a  
21 million dollars" --

22 A. Oh, no, no, I -- I'm sorry.

23 Q. "You gave about a million dollars to Jeffrey Beasley over  
24 the course of your contract with Syncom," would you have agreed  
25 with that?

Marc Andre Cunningham - Redirect Examination  
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1 A. No, because that wouldn't have been within reason, you  
2 know.

3 Q. Let's make it a little bit more reasonable, because you  
4 only received about a hundred thousand dollars per year, right?

5 A. Right.

6 Q. If he had said, "You gave about \$70,000 to  
7 Jeffrey Beasley," would you have agreed with him?

8 A. No.

9 Q. Why not?

10 A. Because I know that's far from reasonable, too.

11 Q. Mr. Piszczatowski also talked to you about who knew about  
12 the deal with Syncom.

13 A. Right.

14 Q. And on Friday and today you said that Phil Ragan, your  
15 attorney, knew, correct?

16 A. Correct.

17 Q. And you said that your wife knew, correct?

18 A. Correct.

19 Q. And you said that Bernard Kilpatrick knew, correct?

20 A. Correct.

21 Q. Because you were making payments to Bernard Kilpatrick,  
22 correct?

23 A. Correct.

24 Q. But you also said on Friday that Jeffrey Beasley knew,  
25 correct?

Marc Andre Cunningham - Redirect Examination  
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1 A. Yeah.

2 Q. Because you had conversations with Jeffrey Beasley  
3 concerning the Syncom contract, is that correct?

4 A. Yes.

5 MS. DAWKINS DAVIS: One moment, Your Honor.

6 (Brief pause.)

7 BY MS. DAWKINS DAVIS:

8 Q. Mr. Cunningham, the payments that you were making to  
9 Bernard Kilpatrick, we talked about how that came about on  
10 Friday, correct?

11 A. Correct.

12 Q. And why, again, were you giving payments to  
13 Bernard Kilpatrick?

14 A. 'Cause I had to.

15 Q. Why did you have to?

16 A. That was part of the deal when I met with Chris, we had to  
17 cut him in on the deal and, you know, to get -- to make sure  
18 that he was taken care of, I mean, that was just, you know, if  
19 I want to try to do things going forward, just so that I didn't  
20 rock the boat, if you will. Once I was told, I just figured  
21 that's what we try to do.

22 Q. Did you have any understanding concerning  
23 Kwame Kilpatrick's desires with respect to paying  
24 Bernard Kilpatrick?

25 A. Yes.

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1 Q. What was your understanding regarding Kwame Kilpatrick's  
2 desire in that regard?

3 A. Well, that was his dad, so I just wanted to make sure that  
4 his father was taken care of, you know, so I wanted to make  
5 sure that, you know, it would look favorable to him, to me.

6 Q. Did you have any understanding as to whether or not it was  
7 Kwame Kilpatrick's message that you pay Bernard Kilpatrick?

8 A. I mean, yeah. I mean, I did.

9 Q. What was your understanding?

10 A. That he wanted his dad to be included in the deal. That, I  
11 mean, Kwame -- in order to get, gain favor with Kwam, with the  
12 mayor, you know, I wanted to make sure that I would maybe be in  
13 the mix for later deals, so he kind of said, yeah, he blessed  
14 the deal so he can, you know, just take care of my dad, make  
15 sure he's involved in the deal. He agreed that that was a good  
16 deal. From the beginning, he wanted him in the deal, pretty  
17 much. That was my understanding.

18 Q. So just so we're clear, did you take it as  
19 Kwame Kilpatrick's directive that you pay Bernard Kilpatrick on  
20 the Syncom deal?

21 A. Correct.

22 MS. DAWKINS DAVIS: Your Honor, I don't have any  
23 further questions, but I would move for the admission of  
24 Mr. Cunningham's plea agreement which is Government's Exhibit,  
25 I believe it's 104 for admission.

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1 THE COURT: Received.

2 (Government's Exhibit 104 received into evidence.)

3 MR. PISZCZATOWSKI: It's subject to redaction, Your  
4 Honor.

5 THE COURT: Subject to redaction.

6 MS. DAWKINS DAVIS: No further questions at this  
7 time.

8 THE COURT: Which means, in case you're wondering,  
9 that if there's things in the agreement that are not admissible  
10 under the rules of evidence, they'll be blacked out. That's  
11 what "redaction" means.

12 MR. PISZCZATOWSKI: Just a couple, Your Honor.

13 (9:45 a.m.)

14 **RECROSS EXAMINATION**

15 BY MR. PISZCZATOWSKI:

16 Q. Mr. Cunningham, last time, I promise.

17 A. Okay.

18 Q. Look-it, let's be clear. You don't want to lose your deal,  
19 right?

20 A. Right.

21 Q. That would be the last thing you want to do?

22 A. The last thing.

23 Q. And you're doing your best to tell us whatever you  
24 remember, fair enough?

25 A. Yes.

1 Q. And Friday you talked about paying Mr. Beasley, paying two  
2 and 300 and 500 on occasion, correct?

3 A. Correct.

4 Q. After the Syncom deal got done, correct?

5 A. Correct.

6 Q. And would it be fair to say that Mr. Beasley never saw your  
7 contract with Syncom?

8 A. Never saw it.

9 Q. He didn't really know what you were getting?

10 A. Didn't know.

11 Q. Might assume you were getting some money because you  
12 brought the deal to the table, correct?

13 A. Correct.

14 Q. Or helped bring the deal to the table, correct?

15 A. Correct.

16 Q. Yeah. So, basically, when you talked about the fact that  
17 you gave him money on, I believe you said, four or five -- or  
18 three, four, five, or even six -- I don't care -- occasions,  
19 that was accurate, correct?

20 A. Correct.

21 Q. There was occasion that you gave him 200 or 300 or 400, or  
22 whatever, right?

23 A. I have, yeah.

24 Q. You know, I mean after the Syncom deal.

25 A. Right.

1 Q. So it's fair to say also you didn't give him 2 or \$3,000  
2 every time you gave him some money?

3 A. Correct.

4 Q. I mean, it wasn't like, "Here's your \$2,000"?

5 A. No.

6 Q. Or, "Here's your \$3,000"?

7 A. Right.

8 Q. That would be pretty unusual for you to carry that kind of  
9 money around in your pocket. Not saying it didn't happen, but  
10 pretty unusual, right?

11 A. Right.

12 Q. So is it also fair to say that with the passage of all  
13 these years, there's a lot of things that are influenced in  
14 your memory, correct?

15 A. Yes.

16 Q. The passage of time has an impact because you forget things  
17 as time goes on, right?

18 A. Yes.

19 Q. And on the other hand, you're hearing things when you're in  
20 those debriefings -- well, debriefings -- you're in those  
21 interviews with the FBI, right?

22 A. Yes.

23 Q. And they're talking to you and you're talking to them?

24 A. Yes.

25 Q. And a lot of times when you would answer, even in the grand

1 jury, for example, you'd say, for example, "I heard it from you  
2 guys," right?

3 A. Right.

4 Q. Like when you're talking about who paid for the Turks and  
5 Caicos trip.

6 A. Right.

7 Q. So there's a free flow, so to speak, of information?

8 A. Correct.

9 Q. Whether it's intentional or not, I'm not saying that, but  
10 you're picking up stuff that they're telling you, correct?

11 A. Correct.

12 Q. And so when we talked about this \$20,000, you're saying,  
13 "Well, maybe they got something that says Jeff got 20 grand or  
14 something, and I don't want to get caught in something where I  
15 get jammed up," right?

16 A. Correct.

17 Q. So they were telling -- I'm sorry, they throw this number  
18 out, you know it's not 70, right? Ms. Davis said is it's not  
19 70.

20 A. Correct.

21 Q. But it could be -- I mean, theoretically, it could be three  
22 or four, as opposed to 20. I mean, there's a range is what I'm  
23 saying.

24 A. Yes, correct.

25 Q. And you got really no clue as you sit here how much that

Marc Andre Cunningham - Redirect Examination  
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1 is?

2 A. No clue.

3 Q. But one thing you know is that there was no preordained  
4 deal with you and Mr. Beasley?

5 A. Correct.

6 MR. PISZCZATOWSKI: Thank you. I don't have any  
7 other questions.

8 THE COURT: Thank you, Mr. Cunningham. Oh, do you  
9 have more?

10 MS. DAWKINS DAVIS: I do, Your Honor.

11 THE WITNESS: Like a ping pong ball.

12 (9:48 a.m.)

13 **REDIRECT EXAMINATION**

14 BY MS. DAWKINS DAVIS:

15 Q. Mr. Cunningham --

16 A. Yes.

17 Q. -- Mr. Piszczatowski talked about with the passage of time  
18 sometimes the memory fades, and you agreed with that, right?

19 A. Yes.

20 Q. Okay. Starting back in 2010 and then again in 2011 and  
21 even in 2012, did you ever tell the agents that the amount of  
22 money that you gave to Jeffrey Beasley from Syncom payments  
23 were as low as two or \$300?

24 A. No, never told anybody that.

25 MS. DAWKINS DAVIS: Nothing further, Your Honor.

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1 THE COURT: You may step down.

2 MR. PISZCZATOWSKI: No other questions, Your Honor.

3 THE COURT: Thank you.

4 THE WITNESS: All right. Thank you.

5 (Witness excused at 9:49 a.m.)

6 THE COURT: Next witness.

7 MR. CARES: United States calls Hiram Jackson.

8 **HIRAM JACKSON,**

9 at 9:49 a.m., being first duly sworn by the Court to  
10 tell the truth, was examined and testified upon his oath  
11 as follows:

12 THE COURT: Mr. Cares.

13 **DIRECT EXAMINATION**

14 BY MR. CARES:

15 Q. Please state your name for the jury.

16 A. My name is Hiram Jackson.

17 Q. Mr. Jackson, you are testifying here today pursuant to an  
18 agreement that, so long as you testify truthfully, nothing you  
19 say will be used against you, is that correct?

20 A. Yes.

21 MR. CARES: Government moves the admission of Real  
22 Time Exhibits 1 through 14. They're identified as REAL-1  
23 through REAL-14, R-E-A-L.

24 THE COURT: REAL-1 through --

25 MR. CARES: -- 14.

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1 MR. REX: Your Honor, objection to REAL-13. May we  
2 approach on that?

3 THE COURT: Do we need it now, or can we take it up  
4 at the break? What's --

5 MR. REX: I think we can handle it at the break,  
6 Judge.

7 THE COURT: I just don't know if Mr. Cares needs to  
8 use it in the next hour.

9 MR. CARES: I would be getting -- when we get into  
10 it, I'll stop.

11 THE COURT: All right. One through 14, except for  
12 13 are received. 13 we'll hold in abeyance pending conference  
13 at the earliest convenience.

14 (Government's Exhibits REAL-1 through REAL-12 and  
15 REAL-14 received into evidence.)

16 BY MR. CARES:

17 Q. Would you -- what is your profession?

18 A. I'm the CEO of Real Times Media.

19 Q. And how long have you served in that capacity?

20 A. Since 2006.

21 Q. What is Real Times?

22 A. Real Times is a multimedia company. We own newspapers,  
23 magazines, books.

24 Q. What is your background in this field?

25 A. Prior to being the CEO of Real Times, I was the CEO of a

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1 technology company.

2 Q. What was the name of that technology company?

3 A. GlobalView Technologies.

4 Q. Is your background in finance?

5 A. No, I'm not a finance person.

6 Q. What is your background?

7 A. When you say background, what --

8 Q. Your educational background and your professional  
9 background.

10 A. Oh, okay, I have a bachelor of science in industrial and  
11 labor relations from Cornell University.

12 Q. And after that, what did you do?

13 A. Went and worked for Ford Motor Company.

14 Q. In what capacity?

15 A. Labor relations.

16 Q. So your background is in labor relations, is that correct?

17 A. Well, up until 2000 -- up until, I'm sorry, 1992.

18 Q. And what happened in 1992?

19 A. I left Ford and became an entrepreneur, and I was buying  
20 companies.

21 Q. As an entrepreneur?

22 A. Yes.

23 MR. CARES: REAL-2, please.

24 BY MR. CARES:

25 Q. Projected on the screen to your left is a letter over the

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1 letterhead of Real Times, Inc. dated December 11, 2006. Would  
2 you go to the signature line, please. Is that your signature?

3 A. Yes, sir.

4 Q. Okay. Projected on the screen is a paragraph that starts,  
5 "as a brief overview." In that letter are you explaining what,  
6 in very summary terms, Real Times did and was at the time?

7 A. Yes.

8 Q. And now would you explain that to the jury, please.

9 A. Well, I'm just saying that it's a Detroit-based media  
10 company, that the primary properties being that we own five, at  
11 that time, five newspapers.

12 Q. And this letter was directed to the executive secretary of  
13 the City of Detroit General Retirement System, is that correct?

14 A. Yes.

15 Q. And in that letter, you are asking to make a presentation,  
16 is that right?

17 A. Yes.

18 Q. Now, before -- strike that. Why were you seeking to make a  
19 presentation at that time?

20 A. We were in need at that point for capital.

21 Q. Real Times was in the need of capital?

22 A. Yes.

23 Q. About how much capital?

24 A. At that time, we had determined that we needed somewhere  
25 between 10 and \$15 million.

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1 Q. Among other things, did you have issues with creditors?

2 A. Well, the company -- we had just bought the company in 2003  
3 and the company had a lot of different creditors, and we wanted  
4 to use some kind of financial instrument to consolidate all of  
5 the debt.

6 Q. So you made the decision to go seek some investment from  
7 the General Retirement System, is that correct?

8 A. Yeah. Initially, we spoke to a different company that was  
9 doing business with the pension board. We worked with them for  
10 several months and then they recommended, you know, maybe you  
11 should go talk to the pension board.

12 Q. What was that other company?

13 A. I believe it was called Oracle, but I'm not sure.

14 Q. Oracle?

15 A. I can't remember the name.

16 Q. Okay. And when you went to the retirement system, did you  
17 actually employ the services of a consultant?

18 A. Yes, we did.

19 Q. And who was that?

20 A. Christopher Jackson.

21 Q. Now, Christopher Jackson is no relation to you, is that  
22 correct?

23 A. That's correct, he's not.

24 Q. Why did you seek out -- or why did you hire Christopher  
25 Jackson?

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1 A. Well, I didn't -- I wanted to make sure I had the right  
2 structure. I wanted to make sure that this was the kind of  
3 deal that would be attractive to the pension board. I had  
4 never done any business with the pension boards before, and  
5 it's very important how you structure the request. And so he  
6 was very helpful in helping me determine the kinds of deals  
7 that they do and they don't do, typically.

8 Q. What made you decide to go to Christopher Jackson?

9 A. Well, I had a relationship with him prior to all of this.

10 Q. And you had known him?

11 A. Yes.

12 Q. To your knowledge, had he, Christopher Jackson, had a  
13 relationship or an association with either or both of the  
14 Detroit Retirement Systems?

15 A. Yes.

16 Q. What was that?

17 A. Well, he was a consultant on the record, and I knew that he  
18 would -- interfaced with them with previous clients.

19 Q. Do you know whether or not he actually served in some  
20 capacity on the pension boards directly or indirectly?

21 A. Can you --

22 Q. Do you know whether Christopher Jackson had an association  
23 with Gil Hill?

24 A. Yes.

25 Q. And do you know whether or not Gil Hill at one point was a

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1 trustee on the pension board?

2 A. Yes.

3 Q. So you knew of that background of Christopher Jackson,  
4 correct?

5 A. Well, I knew that he worked for Gil Hill.

6 Q. So you entered a consulting agreement with Christopher  
7 Jackson?

8 A. Yes.

9 Q. Was Christopher Jackson what's known as a third-party  
10 marketer?

11 A. Yes.

12 Q. What was the agreement that you had with Christopher  
13 Jackson?

14 A. The agreement was that he would help me determine the right  
15 structure, help me develop the right plan, and he would assist  
16 me in terms of better understanding the process of how to  
17 approach the pension board, and, you know, that he would make  
18 all of the proper disclosures, and then the deal was that we  
19 would pay him, I believe, initially it was 2 percent of the  
20 funds that we received.

21 Q. And if you received no funds, how much would Christopher  
22 Jackson receive?

23 A. I'm not sure if the agreement was -- I don't think we had  
24 anything in there about -- I think it was only kind of a, if we  
25 were to receive money, but...

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1 Q. If you were to receive money, Christopher Jackson would  
2 receive 2 percent?

3 A. Yes.

4 MR. CARES: Real Times 1, please.

5 BY MR. CARES:

6 Q. Jackson Consulting Group, LLC, is Christopher Jackson's  
7 business?

8 A. Yes.

9 Q. And that check is a check dated 6/21/06, drawn on the  
10 account of Jackson Consulting Group to Kilpatrick Civic Fund in  
11 the amount of \$10,000, is that correct?

12 A. Yes.

13 Q. And the date of that -- strike that.

14 MR. CARES: REAL-3-2, please.

15 BY MR. CARES:

16 Q. This is an excerpt of the minutes of the December 20, 2006  
17 meeting of the General Retirement System. The bottom section,  
18 please.

19 Does that indicate that on a motion by Mr. Beasley  
20 supported by Mr. Fischer that you would be invited to appear  
21 before the board for a presentation?

22 A. I'm sorry, was that a question or...

23 Q. Okay. That particular portion of the minutes, does that  
24 indicate that Hiram Jackson for Real Times was requested to  
25 appear before the board for presentation purposes?

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1 A. Yes.

2 Q. You see that the motion is made by Mr. Beasley?

3 A. Yes.

4 Q. Did you know Jeffrey Beasley?

5 A. Yes.

6 Q. How did you know Jeffrey Beasley?

7 A. I originally met him in Chicago.

8 Q. Okay. Using this as a benchmark, December 2006, had you  
9 known him in Chicago, how much earlier?

10 A. What was the date on that again?

11 Q. December 20, 2006.

12 A. Maybe a couple of years.

13 Q. How is it that you had known Jeffrey Beasley in Chicago?

14 A. I met him at a fundraiser for Kwame Kilpatrick in Chicago.

15 Q. When you decided to take the Real Times proposal to the  
16 pension board, did you know Jeffrey Beasley was the treasurer  
17 in the City of Detroit?

18 A. Yes.

19 Q. Did you know he sat on both pension boards?

20 A. Yes.

21 MR. CARES: REAL-4-2, please.

22 BY MR. CARES:

23 Q. This is the minutes of the December 21 meeting of the  
24 Police and Fireman Retirement System the following day,  
25 December 21, 2006, and that's a motion by Mr. Beasley, correct?

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1 A. Yes.

2 Q. And there's a resolution that you and any associate from  
3 Real Times be requested to make a presentation on your  
4 investment proposal, correct?

5 A. Yes.

6 Q. Now, prior to December 2006 had you talked to Mr. Beasley  
7 about your proposal?

8 A. I believe so.

9 Q. Where did you talk to him?

10 A. Specifically like where, like...

11 Q. Well, let's do it this way. Using December as a benchmark,  
12 how much earlier than that did you talk with Jeffrey Beasley  
13 about your proposal?

14 A. I would talk to all of the trustees maybe two -- I probably  
15 talked to them two or three times, maybe even more.

16 Q. Trying to pitch your deal?

17 A. Yes.

18 MR. CARES: Now, go to REAL-5-2, please.

19 BY MR. CARES:

20 Q. These are minutes of the General Retirement System, May 9,  
21 2007, and there's a portion at the bottom dealing with Real  
22 Times, and there's a motion by Mr. Beasley supported by Milton,  
23 is that correct?

24 A. Yes.

25 Q. Would you read those minutes.

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1 A. The entire --

2 Q. Yes, please, what's projected on the screen.

3 A. Okay. "Whereas, the board of trustees has been considering  
4 a request for credit enhancement proposal in the amount of  
5 seven and a half million dollars, and

6 "Whereas, the board of trustees is in receipt of a  
7 report from its due diligence advisor, North Point Advisors per  
8 Adrian Anderson dated May 7, 2007, and

9 "Whereas, the board of trustees subject to a number  
10 of conditions is inclined to agree to a \$7.5 million credit  
11 enhancement transaction provided such transaction includes the  
12 following conditions and requirements."

13 Q. Okay. That's sufficient, thank you. That proposal or that  
14 portion of the minutes deals with a seven-and-a-half-million-  
15 dollar credit enhancement, is that right?

16 A. Yes.

17 Q. Is that what you were seeking at the time?

18 A. Initially, yes.

19 MR. CARES: Okay. REAL-5-3, please.

20 BY MR. CARES:

21 Q. On the top are some bullet points which include the  
22 conditions, and one of those conditions is projected there.  
23 Would you read that condition.

24 A. "All due diligence and legal costs to be paid by or on  
25 behalf of Real Times by parties other than the retirement

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1 system."

2 Q. So did Real Times then agree to pay the cost for due  
3 diligence and the legal costs?

4 A. Yes.

5 Q. Continuing on that same page, there's a resolution that  
6 North Point Advisors prepare a proposed term sheet, is that  
7 correct?

8 A. Yes.

9 Q. Did you know North Point Advisors?

10 A. Yes.

11 Q. Who was the principal for North Point Advisors?

12 A. Adrian Anderson.

13 Q. How well did you know Adrian Anderson?

14 A. I got to know him through this process.

15 Q. Had you known him prior to this process?

16 A. I knew him, but I didn't have a relationship with him.

17 Q. But Adrian Anderson, North Point, did conduct the due  
18 diligence, is that correct?

19 A. Yes.

20 MR. CARES: REAL-6-2, please.

21 BY MR. CARES:

22 Q. These are minutes of the General Retirement System, August  
23 22, 2007, and there is a resolution according to those minutes.  
24 And would you read that portion of the resolution that is  
25 projected?

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1 A. "Resolved, that the board provide a direct loan to the  
2 borrower in the amount of -- in the amount up to seven  
3 and-a-half million dollars thus eliminating the need for a  
4 senior lender bank and letter of credit issuing bank, the terms  
5 to be generally consistent with the economics of the  
6 transaction to borrower (including fees to be paid by borrower)  
7 and further."

8 Q. Does that mean that your proposal was changed from a credit  
9 enhancement to a direct loan by the pension fund?

10 A. Yes.

11 MR. CARES: REAL-7-2, please.

12 BY MR. CARES:

13 Q. This is a portion of the General Retirement System minutes  
14 of August 15, 2007. There's a proposal regarding Real Times.  
15 Would you do the first whereas paragraph. Without reading  
16 that, does that state that there is a previous approval of a  
17 credit enhancement investment, and there was to be a legal  
18 review of Lawrence Walker and F. Logan Davidson, special legal  
19 counsel?

20 A. Yes.

21 Q. Did you know Mr. Walker or Mr. Davidson?

22 A. I had met Mr. Walker before, and I got to know Mr. Davidson  
23 during this process.

24 Q. Do you know what their roles were in this proposal?

25 A. To provide guidance to the GRS and document the

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1 transaction.

2 Q. Were they your attorneys or the attorneys for the  
3 retirement system?

4 A. The retirement system.

5 Q. So as of August 15, 2007, the retirement system had already  
6 made an investment?

7 A. Can you ask that again?

8 Q. As of August 15, 2007, the retirement system had already  
9 made an investment in Real Times, correct?

10 A. Yes.

11 MR. CARES: Okay. REAL-8-1, please.

12 BY MR. CARES:

13 Q. Is that a check drawn on the account of Jackson Consulting  
14 Group in the amount of \$20,000 to the Kilpatrick Civic Fund?

15 A. Yes.

16 Q. And that would be Christopher Jackson, correct?

17 A. Yes.

18 Q. And that's dated 8/28/07?

19 A. Yes.

20 MR. CARES: REAL-9, please.

21 BY MR. CARES:

22 Q. Is that a check drawn on the account of Real Times,  
23 Incorporated in the amount of \$20,000?

24 A. Yes.

25 Q. And is that the same date as the previous check, 8/28/07?

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1 A. Yes.

2 Q. And that's payable to the Kilpatrick Civic Fund?

3 A. Yes.

4 Q. The check made payable the Kilpatrick Civic Fund from Real  
5 Times, did you authorize that?

6 A. Yes, I did.

7 Q. Were you requested to make that?

8 A. Yes.

9 Q. By whom?

10 A. I don't remember specifically. It may have been either  
11 Christopher Jackson -- I believe it was either Chris Jackson or  
12 Jeff Beasley.

13 MR. CARES: REAL-11, please.

14 BY MR. CARES:

15 Q. Do you see that check?

16 A. Yes.

17 Q. Is that a check drawn on the account of The Ambient Group  
18 dated 7/7/08 to the Kilpatrick Civic Fund in the amount of  
19 \$10,000?

20 A. Yes.

21 Q. What's The Ambient Group?

22 A. That's a company that I own.

23 Q. Were you requested to make that donation, or contribution,  
24 rather?

25 A. Yeah, I'm not quite sure where the request came from this

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1 check, but more than likely, I was asked to do it.

2 MR. CARES: REAL-12-2, please.

3 BY MR. CARES:

4 Q. This is from the September 17, 2008 meeting of the General  
5 Retirement System, and there's a resolution which begins at the  
6 bottom of the page, topic, "Real Times, Inc, \$8 million  
7 Proposed Investment, by Mr. Anthony, Supported by Ms. Conyers,"  
8 is that correct?

9 A. Yes.

10 Q. Okay. Would you read what is projected on the screen.

11 A. "Whereas, the General Retirement System previously granted  
12 a loan to Real Times in the amount of \$7.5 million, and

13 "Whereas, the board of trustees of the General  
14 Retirement System of the City of Detroit has had the foregoing  
15 \$8 million additional investment proposal under consideration,  
16 the basic and general proposed conditions of which are set  
17 forth in a presentation booklet and previously submitted  
18 written materials presented to the board and discussed...to  
19 which certain modifications and additional requirements will be  
20 added by the board or advisors to the board."

21 MR. CARES: Okay. Would you go to REAL-12-5, and  
22 the first resolved paragraph.

23 BY MR. CARES:

24 Q. Does that indicate that this proposal for additional monies  
25 to Real Time was conditionally approved?

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1 A. Yes.

2 MR. CARES: REAL-12-6, please. Would you do the  
3 vote, please.

4 BY MR. CARES:

5 Q. And is that a split vote?

6 A. Six to four.

7 Q. Read the yeas and the nays, please.

8 A. Trustees Anthony, Beasley, Clark, Conyers, Gracia and  
9 Milton.

10 Q. Those were the yeas?

11 A. Yes.

12 Q. Read the nays, please.

13 A. Fischer, Glaser, Kneeshaw, Leavey.

14 Q. So as of the date of that meeting, in September 2008, Real  
15 Times had received a total of 15.5 million, is that correct?

16 A. Yes.

17 MR. CARES: This was the point I was going to get  
18 into the exhibit to which Mr. Rex objected.

19 THE COURT: All right. Let's take it at sidebar.

20 (The following sidebar conference was held:)

21 THE COURT: What's the exhibit?

22 MR. CARES: I intend to project that part of the  
23 exhibit.

24 MR. REX: This is in November of '09, Judge. It's  
25 outside the timeframe of the conspiracy. It's irrelevant and

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1 it's certainly more prejudicial than probative.

2 MR. CARES: It's relevant because it shows what  
3 happened to this particular investment.

4 MR. REX: We know nothing about this investment  
5 other than some money was given, now it's in default.

6 THE COURT: He can ask him about it. I'm going to  
7 let it in.

8 (End of discussion at sidebar.)

9 THE COURT: Real Times-13 has been admitted as well.  
10 (Government's Exhibit REAL-13 received into  
11 evidence.)

12 MR. CARES: Would you project 13-2, please.

13 BY MR. CARES:

14 Q. These are a portion of the minutes of the November 24, 2009  
15 meeting of the General Retirement System. We'll go to that  
16 part which deals with Real Times.

17 Would you read that, please.

18 A. "Loan is in default. Real Times is requesting that the  
19 board forbears on interest payments through 2010. The company  
20 has lost \$5.4 million in the last 18 months and is well behind  
21 projections."

22 Q. Now, as of November 2009, had Real Times been experiencing  
23 problems in paying off on the investment?

24 A. We were never in default.

25 Q. Were you having difficulties, though?

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1 A. We never missed a payment, and we were never late.

2 Q. Okay. Was there some -- did anybody from the pension board  
3 express any concern to you about this particular investment?

4 A. Mr. Huddleston, we talked by phone once.

5 Q. So is this -- what was just projected on the screen, in  
6 your, from your understanding, was that correct?

7 A. I don't understand the question.

8 MR. CARES: Would you project that again, please.

9 BY MR. CARES:

10 Q. Do you see where in the minutes it says, "Loan is in  
11 default," is that incorrect?

12 A. Yes.

13 Q. Had you been requesting that the board forbear on interest  
14 payments through 2010?

15 A. We requested that the interest rate be lowered.

16 Q. You requested a reduction in interest payments?

17 A. Yes.

18 Q. Were you granted that reduction?

19 A. Yes.

20 Q. And according to the minutes, it says, "The company has  
21 lost \$5.4 million in the last 18 months and is well behind in  
22 projections." Is that correct?

23 A. Well, I had some particular troubles with this report. I  
24 can't speak to that exact number right now, but there was a  
25 subsequent report that came out that refuted this.

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1 Q. Just so we're clear on this, that particular excerpt was  
2 under the heading "Richard Huddleston's Report" correct?

3 A. Yes.

4 Q. And Richard Huddleston was the financial analyst for the  
5 retirement system?

6 A. Yes.

7 Q. Would you go to 13-1 which is the cover sheet for that  
8 particular meeting, November 24, 2009. Jeffrey Beasley was no  
9 longer on the board at this time, is that correct?

10 A. I'm not sure what the date is on this.

11 Q. This is November 24<sup>th</sup>, 2009.

12 A. Okay.

13 Q. Jeffrey Beasley is no longer on the board at this time, is  
14 that correct?

15 A. It doesn't appear so.

16 Q. Now, are you familiar with the Mosaic restaurant and bar in  
17 Greektown?

18 A. Yes.

19 Q. As it deals with your proposed investment, did you actually  
20 go to Mosaic?

21 A. I went to Mosaic, yes.

22 Q. And why is that?

23 A. Mosaic was a location where some of the trustees would go  
24 after the meeting, and it was a good opportunity to go and have  
25 them -- get some face time with them.

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1 Q. How did you find out that the Mosaic was a gathering place  
2 for the trustees?

3 MR. REX: Objection to his characterization but --

4 THE COURT: Overruled.

5 A. I can't remember specifically, but it was at some point  
6 I -- you know, I probably heard somebody say that everybody's  
7 going over to the Mosaic.

8 BY MR. CARES:

9 Q. I think just a minute or so ago you used the word "face  
10 time with the trustees," correct?

11 A. Yes.

12 Q. What did you mean by that?

13 A. Well, I mean, you know, in business, you want to make --  
14 people do business with people they know and that they trust,  
15 and it's hard to get to know somebody with a 10-minute  
16 presentation at a pension board meeting.

17 Q. Sure. And did you actually -- were you able to get face  
18 time with one or more trustees?

19 A. Yes.

20 Q. Which trustees?

21 A. Well, most of them.

22 Q. Could you give us some names, please.

23 A. Gracia, Kneeshaw, Beasley. I forget the rest of them.

24 Q. I'm sorry?

25 A. I forget the rest of the names. You'd have to put them on

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1 the board.

2 Q. What about -- did you know DeDan Milton?

3 A. Yes.

4 Q. Was he there?

5 A. Yes.

6 Q. Did you get face time with him?

7 A. Yes.

8 Q. You mentioned Jeffrey Beasley, is that correct?

9 A. Yes.

10 Q. What about Ronald Zajac, did you get face time with him?

11 A. I didn't talk to Zajac a lot at the restaurant.

12 Q. Were you ever there when Chris Jackson was there?

13 A. Yes.

14 Q. Any other third-party marketers that were there when you  
15 were there?

16 A. Well, I'm not sure who was a third-party marketer.

17 Q. Did you know Roy Dixon?

18 A. Yes.

19 Q. Did you see him there?

20 A. Yes.

21 Q. Adrian Anderson, did you see Adrian Anderson at the Mosaic?

22 A. Yeah, I believe so.

23 Q. What period of time are you referring to when you said that  
24 you went to the Mosaic, approximately?

25 A. I would say maybe the beginning of 2007 to end of 2008,

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1 maybe 2009.

2 Q. Was this while your proposal was working its way through  
3 the system?

4 A. Yes.

5 Q. And at the Mosaic, would you ever have to pick up tabs?

6 A. I did pick up tabs on occasion.

7 Q. Okay. What do you mean by picking up tabs?

8 A. There were a lot of people there, you know, eating and  
9 drinking, and on occasion I would pay a portion of the bill.

10 Q. About how many times did you do that?

11 A. Maybe six to eight, nine.

12 Q. I'm sorry?

13 A. Maybe six to eight times.

14 Q. And what were the amounts that you would spend when you  
15 said you paid a portion of the bill?

16 A. Somewhere between, I mean, sometimes it would be 20 or \$30.  
17 A couple of times it might have been 400, three or 400.

18 Q. And approximately how much did you spend there in total  
19 picking up tabs?

20 A. I would say between two and 3,000 over the entire period.

21 Q. And that's for six or seven times, would you say?

22 A. Yes.

23 Q. Why did you pick up the tabs?

24 A. Just, you know, as a business person, you, you know, you  
25 take people to lunch and you do things to, you know, to market

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1     yourself and, you know, just seemed like an opportunity to, you  
2     know, pick up the tab and to, you know, other folks were  
3     picking up the tab, so when it became my turn, I just picked it  
4     up.

5     Q.   What do you mean by other folks?

6     A.   Well, there were other people there.

7     Q.   Who else picked up tabs besides you that you know of?

8     A.   I'm not sure who else picked up tabs.

9     Q.   Did you ever meet any of the trustees in any location other  
10    than a location in Michigan?

11    A.   You asked me did I meet them? I saw trustees outside of  
12    Michigan.

13    Q.   Okay. Where?

14    A.   I would say there was one occasion where I saw some  
15    trustees in New Orleans.

16    Q.   And why is it that you went to New Orleans?

17    A.   It was a conference and I thought it was a good  
18    opportunity, you know, to meet, you know, other trustees as  
19    well as spend time with these trustees.

20    Q.   Was this during the period of time while your investment  
21    proposals were working their way through the system?

22    A.   Yes.

23    Q.   Did you meet any trustees down in New Orleans?

24    A.   You said did I meet them down there?

25    Q.   When you were down there, did you see any of the trustees

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1 down there?

2 A. Yes.

3 Q. Who?

4 A. I believe I saw Mr. Beasley. I'm not sure who else was  
5 down there.

6 Q. You testified in the grand jury, did you not?

7 A. Yes.

8 MR. CARES: May I approach the witness?

9 THE COURT: Yes.

10 BY MR. CARES:

11 Q. Direct you to page 92 of your grand jury transcript. Right  
12 there at the top, just read to yourself lines 1 through 6,  
13 please.

14 THE COURT: Page, please?

15 MR. CARES: 92.

16 A. Okay.

17 BY MR. CARES:

18 Q. Does that at all refresh your recollection as to the  
19 trustees you saw in New Orleans?

20 A. Yes.

21 Q. Who did you see in New Orleans?

22 A. I did see DeDan and Paul Stewart there.

23 Q. Other than those trustees that you mentioned, did you see  
24 any other trustees?

25 A. In New Orleans?

Hiram Jackson - Direct Examination  
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1 Q. Right.

2 A. I can't recollect if I saw anybody else.

3 Q. Did you see Mr. Beasley down there?

4 A. Yes.

5 Q. At some point while in New Orleans, did you actually pick  
6 up a tab?

7 A. Yes.

8 Q. Where was that at?

9 A. I forget the location, I forget the name of the place, it  
10 was at, like, a night club, or it was, like, a night club or a  
11 restaurant.

12 Q. And how big was that tab?

13 A. It was \$1,300.

14 Q. How did you feel about picking up that tab?

15 A. Well, I testified that nobody feels good about writing  
16 \$1,300, so I wasn't particularly happy about writing -- you  
17 know, spending that money.

18 Q. Well, then, why did you do it?

19 A. Well, there were other people picking up tabs, and I felt  
20 like, you know, it wasn't unusual for me to pick up tabs in  
21 different circumstances, so I just -- I picked it up because  
22 I'm not sure if I was asked to or not. I'm not sure why I  
23 picked up that tab.

24 Q. Now, let's move back to Detroit from New Orleans.

25 A. Yeah.

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1 Q. Were there any occasions in Detroit during the period of  
2 time while your investments were pending that you had any  
3 conversation with Jeff Beasley when he made one or more  
4 requests from you?

5 A. What's your question?

6 Q. We're in Detroit now, not New Orleans, okay?

7 A. Okay.

8 Q. Were there any occasions back here in Detroit where  
9 Jeff Beasley made any requests of you?

10 A. Requests?

11 Q. Did he ask you any questions?

12 A. Well, I testified in the grand jury that there was --

13 Q. Well, just, we want your testimony as to what you recall  
14 right now.

15 A. Okay.

16 Q. Did Mr. Beasley ever ask you a question that caused you  
17 concern or troubled you?

18 MR. REX: Your Honor, I don't know how much more  
19 leading this can be, but objection.

20 THE COURT: Overruled. Please answer.

21 A. Yeah, there was one time we were in a bar. I was speaking  
22 at an event, and I came down to the lobby of the bar and Jeff  
23 had been drinking and he asked me, "Hey, you're going to take  
24 care of me, aren't you?"

25

Hiram Jackson - Cross Examination  
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1 BY MR. CARES:

2 Q. What was your response?

3 A. I just kind of chuckled and said, "Yeah, man," and I walked  
4 away.

5 Q. Why did you walk away?

6 A. I didn't know what he was talking about and I didn't want  
7 to hear the rest of it.

8 Q. Did this happen only once?

9 A. I believe it happened, like, twice just in that quick  
10 environment, but I don't remember the second time. I'm sure  
11 about this time.

12 MR. CARES: No further questions, Your Honor.

13 THE COURT: Mr. Rex.

14 MR. REX: Yes, thank you.

15 (10:31 a.m.)

16 **CROSS EXAMINATION**

17 BY MR. REX:

18 Q. Good morning, Mr. Jackson.

19 A. Good morning.

20 Q. Now, Real Times, did you -- I want to make sure I got this  
21 straight. Did you create or form Real Times in 2006, or had it  
22 been in existence prior to that?

23 A. It was in existence prior to that.

24 Q. So was it an existing company that you purchased?

25 A. I was part of a larger group that purchased Real Times in

Hiram Jackson - Cross Examination  
Monday, November 3, 2014

1 2003.

2 Q. Okay. And Real Times owned a number of different  
3 newspapers, is that correct?

4 A. Yes, among other things.

5 Q. News -- well, and they're around the country, they weren't  
6 just strictly in Detroit, correct?

7 A. Yes.

8 Q. And are these mostly minority-owned or controlled  
9 newspapers?

10 A. Yes.

11 Q. And Real Times basically consolidated this group of  
12 newspapers under one umbrella, would that be accurate?

13 A. They were already under the ownership, one owner, so they  
14 were already -- we didn't go out and buy these, they were all  
15 under one roof already.

16 Q. And Real Times, you have an ownership interest in Real  
17 Times, correct?

18 A. Yes.

19 Q. And how many other owners are there?

20 A. There's several. It's an investment group.

21 Q. Would Real Times itself be considered a minority-owned  
22 company?

23 A. Yes.

24 Q. Based on the ownership percentages?

25 A. Yes.

Hiram Jackson - Cross Examination  
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1 Q. And Real Times, I assume, had a concept or a business plan  
2 that it was bringing along with it when it made its proposals  
3 to the Detroit pension boards, isn't that correct?

4 A. Yes.

5 Q. And I assume you put some effort into putting that business  
6 plan and those proposals together?

7 A. I'm sorry?

8 Q. Did you have a written business plan?

9 A. Yes.

10 Q. And can you just briefly tell us what it entailed, what  
11 were you bringing to Real Times, the new ownership.

12 A. What was I bringing to Real Times?

13 Q. Correct.

14 A. I'm not sure I understand your question.

15 Q. What was your concept, what were you going to do with the  
16 company?

17 A. Well, we wanted to make it truly a national company, and we  
18 wanted to digitize our archives as well as go out and purchase  
19 additional properties, as well.

20 Q. Okay. Basically update it, bring it into the 21<sup>st</sup>  
21 century, would that be fair to say?

22 A. Yes.

23 Q. Now, you testified that Real Times sought some investment  
24 capital or sought -- well, yeah, investment capital from some  
25 other companies before going to the Detroit pension boards, is

Hiram Jackson - Cross Examination  
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1 that right?

2 A. Yes.

3 Q. All right. And one of those companies was a private equity  
4 group, Oracle, do you recall that?

5 A. Yes.

6 Q. And I think you also testified that prior to approaching  
7 the boards, you met with a number of the trustees that sat on  
8 the two boards in order to, I think you said, pitch your  
9 proposal, is that right?

10 A. Yes.

11 Q. You wanted to familiarize the trustees who might have this  
12 investment proposal brought before them, to give them some idea  
13 what they might see, is that right?

14 A. Yes.

15 Q. Have some of that face time that you talked about, right?

16 A. Yes.

17 Q. Okay. Now, prior to doing that, were you referred to  
18 Oracle by Jeff Beasley or any of the other trustees?

19 A. I don't remember how I ended up with Oracle, not quite  
20 sure.

21 Q. You know --

22 A. Who referred me to them.

23 Q. I'm sorry. Did you know that Oracle had received some  
24 monies from the Detroit pension boards?

25 A. Yes.

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1 Q. Okay. And you don't know how you got to them but at some  
2 point in time you were negotiating with them, trying to get  
3 some financing from them, correct?

4 A. Yes.

5 Q. And then your direction turned from Oracle to the pension  
6 systems themselves, right?

7 A. Yes.

8 Q. All right. And you retained Christopher Jackson to assist  
9 you in that process?

10 A. Yes.

11 Q. And you told us what a consultant does and I'm not going to  
12 go through all that again, but I assume you had a contract with  
13 Mr. Jackson to assist you?

14 A. Yes.

15 Q. You had a longstanding relationship with Mr. Jackson, is  
16 that correct?

17 A. Yes.

18 Q. You guys are friends?

19 A. Yes.

20 Q. And you go back a long way?

21 A. Yes, we do.

22 Q. So it was a natural for you to ask him for assistance in  
23 approaching the pension boards?

24 A. Yes.

25 Q. Because he was a third-party marketer and you knew that?

Hiram Jackson - Cross Examination  
Monday, November 3, 2014

1 A. Yes.

2 Q. And he was knowledgeable and had some past experience  
3 himself in working with the boards, correct?

4 A. Yes.

5 Q. Now, you mentioned that he was a consultant of record, is  
6 that what you said?

7 A. Christopher Jackson?

8 Q. Yeah, I think you mentioned that on direct.

9 A. Consultant of record?

10 Q. Yes.

11 A. I'm not sure -- can you ask the question a different way?

12 Q. Well, when Mr. Cares asked you on direct about whether  
13 Mr. Jackson had a relationship with the board, I thought you  
14 said that he was a consultant of record? You don't remember  
15 saying that?

16 A. Well, I knew that he was recognized by the pension board as  
17 somebody who could represent companies, if that's what the  
18 question is.

19 Q. Okay. Fair enough. And you were shown a check.

20 MR. REX: Can I see Real Times Number 1, please.

21 BY MR. REX:

22 Q. This is a check written by Jackson Consulting in June of  
23 '06. Did you have any involvement in having that check  
24 written?

25 A. No, sir.

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1 Q. That's something Christopher Jackson did on his own,  
2 correct?

3 A. Yes.

4 Q. Were you even aware of this check until before today?

5 A. Well, I've seen the check before today.

6 Q. Okay. You've seen it talking with the government, they've  
7 shown you this check?

8 A. Yes.

9 Q. All right. Now, you were invited to appear before both  
10 boards, is that correct?

11 A. Yes.

12 Q. Both the police and fire and the General Retirement System?

13 A. Yes.

14 Q. And who was it that presented to the two boards?

15 A. I presented as well as my chief financial officer.

16 Q. Was that Mr. Fulmer(sp)?

17 A. No, Mr. Fulmer was with us as well.

18 Q. And who was your chief financial officer?

19 A. Britton Cox.

20 Q. Now, nothing became of your proposal to the police and  
21 fire, correct?

22 A. No.

23 Q. You appeared before them, you presented, and, poof, that  
24 was more or less the end of it.

25 A. Yes.

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1 Q. But the General Retirement System had a little more  
2 interest and they eventually sent it to due diligence for a due  
3 diligence report, right?

4 A. Yes.

5 Q. And that was done by Mr. Anderson?

6 A. Yes.

7 Q. And did you ever see Mr. Anderson's due diligence report,  
8 the final product?

9 A. I'm not sure if I did or not.

10 Q. Did Real Times pay for the cost of performing the due  
11 diligence report?

12 A. I believe so.

13 Q. Now, Mr. Cares showed you that at some point in time what  
14 began as a credit enhancement became a loan, is that right?

15 A. Yes.

16 Q. Can you tell us how and why that occurred?

17 A. Initially I think it was believed that it would -- a credit  
18 enhancement would be -- would provide less risk for the pension  
19 board, but as it turned out, I think that it was just more  
20 difficult, more complex, and, you know, just in our discussions  
21 we wanted to kind of simplify the transaction and --

22 Q. Okay.

23 A. -- I think it was, direct loan was just much more simple  
24 from an execution standpoint.

25 Q. And whose suggestion or desire was it to simplify it in

Hiram Jackson - Cross Examination  
Monday, November 3, 2014

1 that manner? Did it come from the board, from the advisor or  
2 from Real Times?

3 A. I'm not sure.

4 Q. But you were okay with the modification to a loan agreement  
5 versus credit enhancement?

6 A. Yes.

7 MR. REX: Can I see REAL-9, please.

8 BY MR. REX:

9 Q. You were shown this check written by Real Times to the  
10 Kilpatrick Civic Fund. Do you recall that check?

11 A. Yes.

12 Q. Okay. And do you recall writing that check?

13 A. Yes. I asked for it to be cut.

14 Q. Okay. And you, I think you indicated on direct, you  
15 weren't sure who requested a contribution to the Civic Fund,  
16 either Mr. Jackson or perhaps Mr. Beasley, is that right?

17 A. Yes.

18 Q. And you know why it was written at this particular time?

19 A. I believe there was a fundraiser, I believe there was a  
20 fundraiser. Yeah, I believe -- I'm not sure. I think it was a  
21 fundraiser request we were responding to.

22 Q. Mr. Jackson, I'm going to hand you what's been marked as  
23 Defendants' Exhibit --

24 MR. REX: May I approach, judge?

25 THE COURT: Yes.

Hiram Jackson - Cross Examination  
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1 BY MR. REX:

2 Q. -- what's been marked as Defendants' Exhibit 19. Are you  
3 familiar with that document?

4 A. Yeah, I've seen it before.

5 Q. And do you remember seeing that document back around the  
6 time you made the contributions to the Civic Fund in 2007?

7 A. I'm not sure if this is what I was responding to.

8 MR. REX: I'm going to move for the admission of  
9 Defendants' Exhibit 19.

10 MR. CARES: No objection.

11 THE COURT: Received.

12 (Defendants' Exhibit 19 received into evidence.)

13 BY MR. REX:

14 Q. This is a letter dated August 20, 2007, and it's addressed  
15 simply "Dear Friend," and it's regarding a Kilpatrick Civic  
16 Fund event held on August 29, 2007, or to be held on August  
17 29<sup>th</sup>, is that correct?

18 A. Yes.

19 Q. And it's signed by Mr. Papas?

20 A. Yes.

21 Q. And you're familiar with Mr. Papas?

22 A. Yes.

23 Q. Okay. And your check was dated August 28, 2007, is that  
24 right?

25 A. Yes.

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1 Q. Do you remember attending this event?

2 A. I may have. I'm not -- I can't really remember. I may  
3 have been there.

4 Q. Okay. Do you have -- as you sit here today, do you have  
5 any specific recollection of how that check was presented to  
6 the Kilpatrick Civic Fund?

7 A. I'm not sure who I gave that check to.

8 Q. Do you know if perhaps you even mailed it in?

9 A. I doubt if I mailed it.

10 Q. But you don't recall if you went to the event or who you  
11 gave the check to as you sit here today?

12 A. It's 2007, so forgive me, I just -- I don't remember  
13 specifically who I gave the check to.

14 Q. I understand. Was that check -- did that check have any  
15 connection with the investment that you had in front of the  
16 pension board?

17 A. No.

18 Q. You made a contribution to the Civic Fund because it was a  
19 civic organization that you thought deserved a contribution, is  
20 that fair to say?

21 A. Well, I wanted to be supportive of what I thought the Civic  
22 Fund stood for at the time.

23 Q. Correct. And I understand that. And it was a fund  
24 operated by Mayor Kilpatrick?

25 A. Yes.

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1 Q. And you understood at the time that it contributed to  
2 worthwhile civic projects?

3 A. Well, at the time, yes.

4 MR. REX: Can you put REAL-5 on. Can you show the  
5 names of the trustees?

6 BY MR. REX:

7 Q. You were asked by Mr. Cares on direct examination who the  
8 names of some of the trustees that you met and discussed Real  
9 Times with, or that you met at the Mosaic and talked with at  
10 the Mosaic, and he asked you simply about a couple of them as  
11 well as Mr. Zajac, but are these other individuals that you had  
12 met or had drinks with at the Mosaic, any of those other  
13 individuals that you recall? How about Mr. Anthony?

14 A. No.

15 Q. You knew Mr. Anthony, though, right?

16 A. Yes.

17 Q. You've known him for a long time?

18 A. Yes, sir.

19 Q. Very supportive in many of his projects as well?

20 A. Yes.

21 Q. He had a fund of his own and you contributed to that?

22 A. Yes.

23 Q. It had nothing to do with the fact that you had a matter  
24 before the board?

25 A. Correct.

Hiram Jackson - Cross Examination  
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1 Q. David Clark, you ever meet him at the Mosaic?

2 A. I'm not sure if I ever saw him at Mosaic or not.

3 Q. Did you have conversations with him about Real Times  
4 though?

5 A. Yes.

6 Q. How about Monica Conyers?

7 A. Yes.

8 Q. Gerald Fischer?

9 A. I'm not -- no, I don't think so.

10 Q. Susan Glaser?

11 A. Yes.

12 Q. Ron Gracia, you already mentioned, correct?

13 A. Correct.

14 Q. Sheila Kneeshaw?

15 A. Yes.

16 Q. Kathleen Leavey, what about her?

17 A. I believe so.

18 Q. Now, you attended a conference in New Orleans, is that  
19 right?

20 A. Yes.

21 Q. And was the conference held for whom? Do you know who was  
22 sponsoring it?

23 A. I forget the name of the conference, but it was, you know,  
24 that whole industry of security professionals, trustees for  
25 various pension boards.

Hiram Jackson - Cross Examination  
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1 Q. And was this one of the first conferences of this type that  
2 you had attended?

3 A. Yes.

4 Q. And it did give you an opportunity to have some face time  
5 with some of the trustees?

6 A. Yes.

7 Q. And you were at, I think you indicated, a club and you  
8 picked up a tab, is that right?

9 A. Yes.

10 Q. You had seen other people during the time of the conference  
11 pick up other tabs, and you decided to pick up this tab, is  
12 that correct?

13 A. Yes.

14 Q. Nobody forced you to pick up the tab?

15 A. No.

16 Q. Okay. It wasn't done with any understanding that, if I  
17 pick this tab up, you're going to vote for my loan, was there?

18 A. Correct.

19 Q. Nothing to that effect?

20 A. No.

21 Q. With none of the trustees, correct?

22 A. Correct.

23 MR. REX: Can I have 7-2, please.

24 BY MR. REX:

25 Q. Do you remember being asked about this document on direct

Hiram Jackson - Cross Examination  
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1 examination?

2 A. Yes.

3 Q. And Mr. Cares asked you that, according to this, as of  
4 August the 15<sup>th</sup>, the board had approved your investment,  
5 correct?

6 A. Yes.

7 MR. REX: And can we go down to the vote, please.

8 BY MR. REX:

9 Q. And the vote there is seven to zero, is that correct?

10 A. Yes.

11 Q. Is Mr. Beasley part of that vote?

12 A. No.

13 Q. Apparently he wasn't present on that particular day, was  
14 he?

15 A. Apparently.

16 THE COURT: Just for clarification, I think this is  
17 a GRS document.

18 MR. REX: That's correct, it's the GRS.

19 BY MR. REX:

20 Q. GRS is the only board that voted on your proposal, correct?

21 A. Yes.

22 Q. It died in the PF right after your presentation, correct?

23 A. Yes.

24 MR. REX: Can I have 12-6 up there, please.

25

Hiram Jackson - Cross Examination  
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1 BY MR. REX:

2 Q. You were asked about this split vote for an additional  
3 8 million on your investment, do you recall this?

4 A. Yes.

5 Q. And Mr. Cares asked you as of this point in time you had  
6 received \$15.5 million, is that right? I think you responded  
7 yes to his question, this is the second --

8 A. This is the vote for the second --

9 Q. For the second investment.

10 A. Yes, yes.

11 Q. You had went to the board, and you got approved for \$7.5  
12 million?

13 A. Yes.

14 Q. And you started taking some draws on that. Do you know  
15 when you received that money?

16 A. The seven and-a-half million?

17 Q. Correct.

18 A. That was in 2007.

19 Q. And then this additional \$8 million, do you know when you  
20 began receiving that?

21 A. I believe that was December.

22 Q. December of 2008, correct?

23 A. Correct, December 2008.

24 Q. And you took a number of draws from December of 2008  
25 sometime through December of 2009, is that right?

Hiram Jackson - Cross Examination  
Monday, November 3, 2014

1 A. Yes.

2 Q. And are you aware that Mr. Beasley left his position as  
3 treasurer in September of 2008? Are you aware of that fact?

4 A. Yes.

5 Q. And he no longer sat on the board as of that time, correct?

6 A. Yes.

7 Q. And so the monies that you received actually occurred  
8 sometime thereafter?

9 A. Yes.

10 Q. Now, you were asked about a conversation you had with  
11 Mr. Beasley in which you were at some location and he said  
12 something about, "Are you going to take care of me," or words  
13 to that effect?

14 A. Yes.

15 Q. You don't remember exactly what was said, is that a fair  
16 statement, the exact words that were uttered?

17 A. From him?

18 Q. Yes.

19 A. Well, he said, "You're going to take care of me, right?"

20 Q. Something to that effect?

21 A. Yes.

22 Q. And you chuckled?

23 A. Yes.

24 Q. And walked away?

25 A. Yes.

Hiram Jackson - Cross Examination  
Monday, November 3, 2014

1 Q. And you didn't ask for clarification?

2 A. No.

3 Q. He didn't offer clarification?

4 A. No.

5 Q. Okay. And you weren't sure exactly what he meant?

6 A. No.

7 Q. You let it die?

8 A. Yes.

9 Q. And isn't it true that you didn't think anything of it  
10 until you were subsequently questioned by the FBI sometime in  
11 2010, is that right?

12 A. Can you ask me that one more time?

13 Q. Yeah. Isn't it true -- in fact, didn't you testify before  
14 the grand jury that you thought nothing of it, and you didn't  
15 tell anybody until you were questioned about it by the FBI?

16 A. Yeah, I didn't think much of it. Just -- I didn't bring it  
17 back up.

18 Q. You didn't mention anything to him, you didn't mention  
19 anything to anybody else until you met with the FBI sometime in  
20 2010, and they were asking you a number of questions about your  
21 investment and Mr. Beasley, correct?

22 A. Yeah, I think I mentioned it to one person.

23 Q. Okay. Would that have been your lawyer?

24 A. I believe I mentioned it to Christopher Jackson.

25 Q. That was sometime well after the fact and once the

Hiram Jackson - Cross Examination  
Monday, November 3, 2014

1 investigation had begun, is that right?

2 A. I don't remember quite the timing of that.

3 Q. But it wasn't significant enough that you did anything  
4 about it and you -- and you first raised it when the FBI  
5 started questioning you about Mr. Beasley, right?

6 A. I believe at the time he wasn't on the board anymore. We  
7 had received the money, and so I just, you know, just didn't  
8 think it was real significant at the time because I wasn't  
9 going to give him anything anyway so...

10 Q. So this occurred after you received the money which would  
11 have been after he was already off the board, correct?

12 A. I believe he was already off the board.

13 Q. And he didn't say anything to you to the effect that "You  
14 owe me money," or anything like that?

15 A. No.

16 Q. And you never paid him any monies, correct?

17 A. No.

18 Q. And you never -- he never conditioned his vote on you  
19 paying any money to him, is that right?

20 A. What was the question again?

21 Q. He never conditioned any of his votes before the GRS on you  
22 giving him any money?

23 A. He never asked me for any money during the votes.

24 Q. And he never asked you to make a contribution to the Civic  
25 Fund in exchange for a vote, did he?

Hiram Jackson - Redirect Examination  
Monday, November 3, 2014

1 A. Not in exchange for a vote.

2 MR. REX: I have nothing further, thank you.

3 THE COURT: Okay. Let's take a break.

4 (Jury out 10:56 a.m.)

5 (Recess taken 10:56 a.m. until 11:17 a.m.)

6 THE COURT: Ready?

7 (Jury in 11:20 a.m.)

8 THE COURT: Be seated. Any other cross?

9 MR. REX: Nothing further, Your Honor.

10 MR. LADASZ: Nothing further, Your Honor.

11 MR. HALL: Just a couple questions.

12 (11:19 a.m.)

13 **CROSS EXAMINATION**

14 BY MR. HALL:

15 Q. Real Times made a presentation before the Police and  
16 Firemen Pension Board?

17 A. Yes.

18 Q. And you didn't receive any funds from the police and fire,  
19 is that right?

20 A. Correct.

21 MR. HALL: Thank you.

22 THE COURT: Now redirect.

23 (11:20 a.m.)

24

25

Hiram Jackson - Redirect Examination  
Monday, November 3, 2014

**REDIRECT EXAMINATION**

BY MR. CARES:

Q. I'm going to direct your attention to Defendants' Exhibit 19. Mr. Rex showed you this letter a few minutes earlier. This is dated August 20, 2007 from Jim Papas to "Dear Friend." Do you see that?

A. Yes.

Q. Do you see where it states in this letter that "Contributions in the amount of \$1,000 to \$10,000 will be appreciated"?

A. Yes.

Q. Your donation in 2007 was \$20,000, is that right?

A. Yes.

Q. Were you requested to give \$20,000?

A. I'm not sure why I wrote the check for 20,000. I don't recall anyone specifically asking me to write it for 20,000.

Q. Let's go back to the preceding year, 2006. You did not donate money to the Kilpatrick Civic Fund in 2006, did you?

A. I don't think so, no.

Q. And you brought your proposal to the pension board in December of 2006, is that right?

A. Yes.

MR. CARES: Thank you. Nothing further.

MR. REX: Nothing further, Your Honor.

THE COURT: You may step down and be excused.

Kevin Ransom - Direct Examination  
Monday, November 3, 2014

1 (Witness excused at 11:22 a.m.)

2 THE COURT: Mr. Cares.

3 MR. CARES: Government calls Kevin Ransom, please.

4 **KEVIN RANSOM,**

5 at 11:22 a.m., being first duly sworn by the Court to  
6 tell the truth, was examined and testified upon his oath  
7 as follows:

8 THE COURT: Take the stand right there, please.

9 **DIRECT EXAMINATION**

10 BY MR. CARES:

11 Q. Would you please state and spell your name.

12 A. Kevin Ransom, K-E-V-I-N, R-A-N-S-O-M.

13 MR. CARES: At this time, I move the admission of  
14 the Acadia set of exhibits, that's Acadia-1 through 10.

15 THE COURT: Received.

16 (Government's Exhibits ACD-1 through ACD-10 received  
17 into evidence.)

18 BY MR. CARES:

19 Q. Mr. Ransom, what is your profession?

20 A. I'm an investment banker.

21 Q. So you have a background in finance and banking?

22 A. Yes.

23 Q. Are you familiar with the Detroit General Retirement System  
24 and the Police and Fireman Retirement System?

25 A. Yes.

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1 Q. Have you functioned as a third-party marketer before either  
2 or one of those pension boards?

3 A. Yes.

4 Q. Are you familiar with the investment called Acadia CLO 1  
5 Fund from Miller & Jacobs?

6 A. Yes.

7 Q. Did you serve as a third-party marketer for that case?

8 A. Yes.

9 Q. Was there an arrangement you had with other third-party  
10 marketers dealing with that particular investment proposal?

11 A. Yes.

12 Q. What was that?

13 A. I had an arrangement with Chris Jackson that we would work  
14 together to present the Acadia fund. I also had a relationship  
15 with a partner that I worked with on a number of occasions,  
16 Stanley Laborde, who's based in New York City.

17 Q. Would you spell Laborde, please?

18 A. L-A-B-O-R-D-E.

19 Q. You say you, Chris Jackson and Stanley Laborde had some  
20 sort of an agreement, is that right?

21 A. Yes.

22 Q. What was it?

23 A. That we would present the Acadia fund to the Detroit  
24 Retirement System.

25 Q. How would you be compensated, if at all?

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1 A. We would receive a portion of the fees, of the management  
2 fees paid to Acadia.

3 Q. If, in fact, there was an investment?

4 A. Correct.

5 Q. How was that to be split up?

6 A. That was to be split between a third, a third and a third.

7 Q. How did you initially find out about this proposed  
8 investment?

9 A. It was brought to me by Stanley Laborde.

10 Q. The sponsors of this investment were located where?

11 A. They were based in the Virgin Islands.

12 Q. Did the investment sponsors have any branches or offices in  
13 Detroit?

14 A. No.

15 MR. CARES: Acadia-1 please, 1-1.

16 THE COURT: Mr. Ransom, could you back off that mic  
17 just a tad. Thank you.

18 BY MR. CARES:

19 Q. Enlarged on the screen is the top of the first page of the  
20 document. That is a memorandum to the board of trustees from  
21 Richard Huddleston regarding this particular investment, is  
22 that correct?

23 A. Yes.

24 Q. Dated February 27, 2006?

25 A. Yes.

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1 Q. Would you go to Acadia 1-3, which would be the third page  
2 of this memorandum. Do you see that top part that's enlarged?

3 A. Yes.

4 Q. Would you read it, please?

5 A. "The presentation materials state that Miller & Jacobs will  
6 receive a management fee equal to 75 basis points on the total  
7 value of the collateral. The GRS currently pays HSBC 35 basis  
8 points and Seneca 50 basis points for high yield bonds separate  
9 account management."

10 Q. The next paragraph?

11 A. "The asset management fees become even more outlandish when  
12 taken as a percentage of the GRS equity investment. The 75  
13 basis point collateral management fee equates to \$4.5 million  
14 per year on a whopping 900 basis points on the equity  
15 investment of the system. The GRS standard asset management  
16 fee for private equity and venture capital partnerships is 2  
17 percent (200 basis points) annually."

18 MR. CARES: Maria, would you go to the bottom part  
19 of that.

20 BY MR. CARES:

21 Q. And would you read what's entitled the "Bottom Line"?

22 A. "I would recommend this investment be declined without  
23 further consideration. I see no point in even listening to a  
24 presentation."

25 MR. CARES: Acadia 2-2, please.

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1 BY MR. CARES:

2 Q. That part that is enlarged comes from the minutes of the  
3 Police and Fire Retirement System meeting of April 27, 2006,  
4 and it deals with this particular investment proposal called  
5 the Acadia fund, is that right?

6 A. Yes.

7 Q. And there's a motion for Ms. Talabi supported by  
8 Mr. Beasley, correct?

9 A. Yes.

10 Q. And one of the whereas statements is that the board  
11 requires due diligence on the proposal, correct?

12 A. Yes.

13 Q. And is the resolution that Adrian Anderson of North Point  
14 Advisors be requested to perform the due diligence?

15 A. Yes.

16 Q. There's a nay vote, is that correct?

17 A. Yes.

18 Q. And who's the trustee voting no?

19 A. Trustee Orzech.

20 MR. CARES: Acadia 3-2.

21 BY MR. CARES:

22 Q. These are minutes from the Police and Fireman Retirement  
23 System dated August 24, 2006. At the top, that is -- the  
24 heading is "Miller & Jacobs/Acadia Fund, \$2 Million Proposed  
25 Investment." Motion by Talabi, support --

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1 THE COURT: That says \$20 million, right? Not  
2 \$2 million.

3 MR. CARES: Thank you, Judge.

4 BY MR. CARES:

5 Q. "\$20 million Proposed Investment, by Ms. Talabi, supported  
6 by Mr. Stewart," is that correct?

7 A. Yes.

8 Q. Would you go to the bottom of that page, and do you see  
9 that portion of the resolution?

10 A. Yes.

11 Q. Does that indicate that this proposal is conditionally  
12 approved?

13 A. Yes.

14 MR. CARES: Acadia 3-4.

15 BY MR. CARES:

16 Q. The votes on that proposal, again, one dissent, Trustee  
17 Orzech, correct?

18 A. Yes.

19 MR. CARES: Acadia 4-2.

20 BY MR. CARES:

21 Q. Minutes of the General Retirement System meeting October  
22 25, 2006, would you go to the heading of Miller & Jacobs.

23 Again, this refers to a \$20 million proposed  
24 investment in the Acadia fund, motion by Beasley, supported by  
25 Gracia, correct?

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1 A. Yes.

2 Q. Acadia 4-3, first resolved paragraph. Does that indicate a  
3 conditional approval to this proposed investment?

4 A. Yes.

5 MR. CARES: Acadia 5-1.

6 BY MR. CARES:

7 Q. Do you recognize that check?

8 A. Yes.

9 Q. Says Kevin R. Ransom Company, LLC. Is that you?

10 A. Yes.

11 Q. Did you make out that check?

12 A. Yes.

13 Q. Payable to?

14 A. Kilpatrick Civic Fund.

15 Q. And the date?

16 A. 8/29/07.

17 Q. And the amount?

18 A. 15,000.

19 Q. And in the memo line, what does it say?

20 A. "Miller & Jacobs."

21 Q. Was that donation to the Kilpatrick Civic Fund your money  
22 or somebody else's money?

23 A. Somebody else's.

24 Q. Would you explain that, please?

25 A. I received a letter requesting that Miller & Jacobs

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1 participate in a fundraiser for the Kilpatrick Civic Fund, so I  
2 made a call to Jeff Miller, who's the principal partner, and  
3 requested those funds. And I indicated to him that I would  
4 make the donation on behalf of Miller & Jacobs.

5 Q. From whom did you receive the initial request or proposal?

6 A. I recall Christopher Jackson indicating there was going to  
7 be a fundraiser for the Kilpatrick Civic Fund where the fund  
8 was requesting all of the investment managers for both police  
9 and fire and the General Retirement System to participate in a  
10 fundraiser for the Civic Fund.

11 MR. CARES: Acadia 6-1.

12 BY MR. CARES:

13 Q. Is that a letter dated September 18, 2007 to the Police and  
14 Fire Retirement System from North Point Advisors?

15 A. Yes.

16 Q. North Point Advisors, the principal is Adrian Anderson, is  
17 that right?

18 A. Yes.

19 Q. Did you know him?

20 A. Yes.

21 Q. To your knowledge, he conducted due diligence on this  
22 proposal?

23 A. Yes.

24 Q. The proposal had been approved by the pension boards,  
25 correct?

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1 A. Yes.

2 Q. And so did Adrian Anderson, to your knowledge, continue his  
3 involvement in this investment even after it had been approved?

4 A. Yes.

5 Q. There was a problem that arose with this investment?

6 A. Yes.

7 MR. CARES: Would you go to Acadia 6-2.

8 BY MR. CARES:

9 Q. Okay. This is continuing with the Anderson letter that we  
10 just made reference to, the third page of it, I believe. Or  
11 the second page, rather. And do you see the sentence starting,  
12 "the warehousing agreement"?

13 A. Yes.

14 Q. Would you read from "the warehousing agreement" to the end  
15 of that paragraph.

16 A. "The warehousing agreement provides UBS a 'walk away'  
17 provision if the value of the loan portfolio declines to a  
18 certain point (mark to market). The loan index declined to  
19 such a level during the month of August 2007 (see attachment  
20 4). Given this provision and undoubtedly problems with UBS'  
21 own balance sheet, they have decided to abandon this commitment  
22 to the trustees and to Miller & Jacobs. UBS has issued a  
23 formal notice of termination of the warehouse and has  
24 threatened to liquidate the portfolio. If the portfolio is  
25 liquidated, it could result in a material loss to the

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1 retirement systems. (Approximately \$8 million for police and  
2 fire). We believe UBS is exercising this right across their  
3 book of business, where applicable, but we are not entirely  
4 sure. We are of the opinion that UBS does have the discretion  
5 to honor the commitment if they believe the client relationship  
6 is important to them. Obviously, it appears that UBS is  
7 relatively indifferent with respect to the City of Detroit.  
8 North Point Advisors has been involved during the entire  
9 process of receiving the various notices from UBS as well as  
10 participating in the negotiations with respect to extending the  
11 warehouse period."

12 Q. Okay. And then the first sentence of the next paragraph,  
13 please?

14 A. "At this point in time, the key decision for the trustees  
15 is to execute an extension of the warehouse period for six  
16 months and to proceed forward with action to facilitate Miller  
17 and Jacobs' movement of the loan portfolio from UBS to another  
18 suitable investment firm."

19 Q. Going back to that period of time, were you aware of this  
20 problem?

21 A. Yes.

22 Q. You've read that off. Could you explain that in more  
23 understandable terms?

24 A. A collateralized loan obligation is -- was designed to  
25 create additional lending capacity for banks. Banks would sell

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1 loans that they have already committed to a firm like  
2 Miller & Jacobs to take those loans off of their balance sheet,  
3 allowing them to have additional banking and lending capacity.

4 The collateralized loan obligation market takes  
5 those loans and investments that are made, in this case, with  
6 the City of Detroit, and they acquire a loan portfolio, which  
7 is why they call it collateralized, whereby they have these  
8 loans that are pooled and bundled. Then they become a  
9 structured investment.

10 So in this particular case, the City of Detroit was  
11 providing the equity to acquire the loans and make up the  
12 bundled loan portfolio.

13 MR. CARES: Going to the next page of this memo,  
14 Acadia 6-3, right there at the bottom, would you enlarge that  
15 part.

16 BY MR. CARES:

17 Q. And what does Anderson say there?

18 A. "Based upon our research and the recommendations of Miller  
19 and Jacobs, we are of the opinion that the trustees should take  
20 the following actions:

21 "Execute the warehouse extension agreement for six  
22 months. (See attachment 5)

23 "Execute a letter of guarantee that would facilitate  
24 Miller and Jacobs' movement of the loan portfolio from UBS to  
25 another institution."

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1 MR. CARES: Would you go to Acadia 8-3, the top  
2 paragraph.

3 BY MR. CARES:

4 Q. This is from the Police and Fire Retirement System meeting  
5 September 20, 2007, the heading "\$20 million Acadia CLO 1  
6 Limited Fund, Miller and Jacobs Investment." There's a motion  
7 by Mr. Stewart supported by Ms. Talabi, is that correct?

8 A. Yes.

9 Q. And it indicates that there had been an investment in this  
10 CLO, correct?

11 A. Yes.

12 Q. The next page of the minutes, which is Acadia 8-4, there is  
13 a resolution. Was it resolved that the warehouse extension  
14 documents be signed?

15 A. Yes.

16 Q. Do you know what happened to this particular investment?

17 A. Yes.

18 Q. What happened to it?

19 A. As you can see, leading up to December of 2007 is the  
20 official point at which the most recent economic recession  
21 period started. That period was from December 2007 through  
22 December 2009. Leading up to the recession was the initial  
23 cause which was the collapse of the subprime mortgage market.

24 The credit markets were reacting at the point in  
25 time you see these dates. September 2007 is when the initial

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1 panic on Wall Street was beginning to occur. The credit  
2 markets were backing out of these types of transactions as a  
3 result of the biggest collapse of the subprime mortgage market.

4 Q. What about the investment by the pension fund?

5 A. The investments that were made by the pension funds became  
6 subject to the overall warehousing investment firm which at the  
7 time was UBS.

8 UBS, of all the big firms on Wall Street, probably  
9 had the most in their portfolio of the largest percentage of  
10 subprime product, so UBS was essentially trying to back out of  
11 commitments that they had made.

12 Q. Bottom line, did the pension funds make any money off this  
13 investment?

14 A. No, they did not.

15 Q. Did they lose any money?

16 A. They lost money.

17 Q. How much?

18 A. I don't recall how much.

19 MR. CARES: Would you go to Acadia 10-2.

20 BY MR. CARES:

21 Q. These are minutes of the General Retirement System,  
22 February 27, 2008.

23 THE COURT: I'm sorry, what's the exhibit number?

24 MR. CARES: Acadia 10-2.

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1 BY MR. CARES:

2 Q. That indicates that there had been an investment of \$20  
3 million by the GRS?

4 A. Yes.

5 Q. Would you go to the first resolved line. Would you read  
6 that please?

7 A. "Resolved, that staff being directed to write down the  
8 \$20 million investment in the equity tranche of the Acadia CLO  
9 Fund managed by Miller and Jacobs to zero, and be it further."

10 Q. Now, there was an investment both by the GRS and -- as well  
11 as the PFRS, correct?

12 A. Yes.

13 Q. Both for 20 million?

14 A. Yes.

15 MR. CARES: No further questions.

16 (11:44 a.m.)

17 **CROSS EXAMINATION**

18 BY MR. HALL:

19 Q. Mr. Ransom, who else lost money during this crash from 2007  
20 to 2009?

21 A. Well, the biggest loser was probably Lehman Brothers.

22 Q. They went out of business, didn't they?

23 A. Yes.

24 Q. Who else lost money? Take your time.

25 A. Well, everybody.

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1 Q. Everybody, that's right. Everybody. Who escaped? Who  
2 were skillful enough to escape this loss? Would you compare  
3 this to almost the recession of the '30s?

4 A. It's the second worst economic recession in U.S. history.

5 Q. So this loss by the pension boards was not unusual for an  
6 institution during this period, is that right?

7 A. Not unusual. A lot of firms or a lot of investors were, in  
8 that period, the same as the pension funds were that lost as  
9 well.

10 Q. Lost as well. Now, are you aware of any other pension  
11 funds who are involved in this category of investment that lost  
12 money across the country?

13 A. Personally, not specifically a pension fund, but I'm sure  
14 that there probably were other funds that lost as well.

15 Q. Okay. Now, let me ask you about investment judgment. Was  
16 the judgment of the pension boards in this matter irresponsible  
17 for getting into this investment at the time they entered into  
18 it?

19 A. My understanding at the time was that the pension system  
20 was under a mandate to perform because the pension system had  
21 issued these pension obligation bonds. So there were certain  
22 criteria --

23 Q. Right.

24 A. -- that the pension systems had to have a benchmark  
25 performance of rate of return. This investment projected was,

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1 from the private equity portfolio perspective, one of the  
2 investments intended to bring up the performance because it was  
3 a higher projected rate of return on this investment.

4 Q. And that was a responsible move on behalf of the board, is  
5 that right?

6 A. Correct.

7 Q. Now, you said Lehman Brothers went out of business, right?

8 A. Yes.

9 Q. Somebody at Lehman Brothers made some bad judgments, is  
10 that right?

11 A. Yes.

12 Q. Housing market went into the tank, is that right?

13 A. Yes.

14 Q. Maine to California, slowly coming back up out of the  
15 dredges, right?

16 A. Yes.

17 Q. This board -- now, Mr. Cares brought up these fees and a  
18 recommendation by the Huddleston advisor that this group should  
19 not even be given a presentation before the board. Do you know  
20 what was done on the fees in this matter? Were they ever  
21 adjusted?

22 A. I believe so.

23 Q. You believe so. Why do you believe so?

24 A. This memo from Richard Huddleston was shared with Miller &  
25 Jacobs, and I do recall that they said that they would adjust

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1 their fees. I never --

2 Q. They would adjust their fees.

3 A. -- saw any formal notice, but I do recall that they would  
4 adjust their fees.

5 Q. They adjusted the fees. And they didn't adjust them  
6 upward, did they, or did they adjust them downward?

7 A. I recall that that was the issue, that they were going to  
8 bring their fees down.

9 Q. Bringing their fees down. And as a result of bringing the  
10 fees down, both boards, the police and fire and the General  
11 Retirement System, invested in this deal, right?

12 A. Yes.

13 Q. And like many other situations during the period you  
14 pointed out, starting in September 2007 through December 2009,  
15 the collapse began and accelerated, is that correct?

16 A. Yes.

17 Q. Now, let me -- there are a number of names up on the screen  
18 from the various pension funds, General Retirement System and  
19 the police and fire. Who was irresponsible of those names who  
20 voted for this deal? And was it irresponsible?

21 A. I can't say they were irresponsible.

22 MR. HALL: Thank you. I have no further questions.

23 MR. REX: I have some questions.

24 THE COURT: Mr. Rex.

25 (11:50 a.m.)

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**CROSS EXAMINATION**

BY MR. REX:

Q. Good morning, Mr. Ransom.

A. Good morning.

Q. You said that the Huddleston memo was shared with Miller & Jacobs, is that correct?

A. Yes.

Q. And Miller & Jacobs, this may have gotten lost in the fray, but Miller & Jacobs was the company that was sponsoring the Acadia fund, is that correct?

A. Correct.

Q. So they would be what we would refer to as the investment sponsor, okay, and they contacted this Stanley Laborde?

A. Yes.

Q. They asked him to look around for possible investors, is that correct?

A. Correct.

Q. And Stanley Laborde is out of New York?

A. Yes.

Q. And he targeted -- I don't know if that's the correct word, but he saw Detroit Pension Funds as a possible investor to this Acadia fund?

A. Correct. The State of Connecticut, the City of New Haven, and Detroit was the first funds or the first pension funds that looked at the investment.

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1 Q. Okay. And the reason he contacted you is because you had  
2 some previous connections with the City of Detroit?

3 A. Correct.

4 Q. Okay. You had worked for the city at some period of time  
5 back in the '90s, is that right?

6 A. Correct.

7 Q. And you were a third-party marketer on this deal, is that  
8 right?

9 A. Correct.

10 Q. And can you explain what a third-party marketer does?

11 A. A third-party marketer is a part of the investment  
12 community that essentially markets investments, or they make  
13 investments known to potential investors.

14 Q. Would it be fair to equate them to, like, a broker in a  
15 real estate deal? Or is that too simple?

16 A. It's a fair equate.

17 Q. Okay. It's a legitimate practice, is it not?

18 A. Correct.

19 Q. To use a third-party marketer?

20 A. It's very legitimate.

21 Q. It's not reserved for the people lurking in the shadows, is  
22 it?

23 A. That's right.

24 Q. Now, at the time, you were living in Atlanta, right?

25 A. No, I was here.

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1 Q. Didn't you have some connection to Atlanta?

2 A. Yes, I also at the time was financial advisor to the City  
3 of Atlanta.

4 Q. I got you. And Stanley Laborde engaged you as the  
5 third-party marketer, and you in turn engaged Chris Jackson?

6 A. Correct.

7 Q. Who had even more familiarity with the boards as they were  
8 currently composed, right?

9 A. Correct.

10 Q. So you agreed to split whatever commission you had with  
11 Stanley Laborde, you were going to split that commission with  
12 Chris Jackson?

13 A. Correct.

14 Q. Kind of like a sub-sub, I don't know what you call,  
15 contract.

16 A. Correct.

17 Q. And that's how this deal originated. Now, you referred to  
18 these as collateral loan obligations.

19 A. Collateralized loan obligations.

20 Q. The banks take a bunch of the loans they have, they put  
21 them in a bundle, and they use that bundle of loans as a  
22 separate investment vehicle, correct?

23 A. Correct.

24 Q. All right. And at the time that this was put together,  
25 collateralized loan obligations were performing very well,

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1 weren't they?

2 A. Yes.

3 Q. It was an attractive investment vehicle.

4 A. Yes.

5 Q. And it was somehow presented to the General Retirement  
6 System, and Mr. Huddleston prepared his memo that recommended  
7 no further review of the matter, right?

8 A. Correct.

9 Q. You then took the memo from Mr. Huddleston, you shared it  
10 with Miller & Jacobs, and when I say Miller & Jacobs, you  
11 actually shared it with Mr. Jeff Miller and Tammy Dalton,  
12 correct?

13 A. Correct.

14 Q. They were the individuals from Miller Jacobs who were  
15 actually presenting and putting this Acadia fund together?

16 A. Correct.

17 Q. Now, the memo from Mr. Huddleston was dated February 27,  
18 2006, right?

19 A. Yes.

20 Q. And then let me show you what's being marked as Defense  
21 Exhibit Number 20.

22 MR. REX: Move for admission of Defendant Exhibit  
23 20.

24 THE COURT: Received.

25 (Defendants' Exhibit 20 received into evidence.)

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1 BY MR. REX:

2 Q. I'm showing you, Mr. Ransom, Defendant Exhibit 20 which is  
3 the minutes of April 6, 2006. Do you see that?

4 A. Yes.

5 Q. This is for the police and fire. And on this date, it  
6 indicates that Mr. Miller, down here, Mr. Miller and Ms. Dalton  
7 appeared before the board and discussed the collateralized loan  
8 obligation fund, what I've referred to as the Acadia fund,  
9 right?

10 A. Yes.

11 Q. So they appeared personally in front of the board, right?

12 A. Yes.

13 Q. Do you know if they addressed the issues of the fees that  
14 Mr. Huddleston was concerned with before the board on April  
15 6<sup>th</sup>?

16 A. I believe so.

17 Q. Okay. As a third-party marketer and somebody interested in  
18 having this investment succeed, I would assume that you brought  
19 to their attention the concerns and tried to address them to  
20 the board when they appeared to present, is that fair?

21 A. Yes.

22 Q. And then it was subsequently sent out for a due diligence  
23 report and was sent to Mr. Anderson, is that right?

24 A. Yes.

25 Q. I'm going to show you Defendant Exhibit 21.

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1 MR. REX: Move for the admission of Defense 21.

2 THE COURT: Received.

3 (Defendants' Exhibit 21 received into evidence.)

4 BY MR. REX:

5 Q. Show you Defendants' Exhibit 21, minutes from June 29,  
6 2006, and it indicates that Mr. Anderson appeared before the  
7 board to address the Acadia fund, is that right?

8 A. Yes.

9 Q. Okay. And he addressed his due diligence review, correct?

10 A. Yes.

11 Q. All right.

12 MR. REX: Move for the admission of Defendant  
13 Exhibit 22.

14 THE COURT: Received.

15 (Defendants' Exhibit 22 received into evidence.)

16 BY MR. REX:

17 Q. I'm going to show you Defendants' Exhibit 22 and this is  
18 the due diligence report prepared by Mr. Anderson, is it not?

19 A. Yes.

20 Q. Had you seen that due diligence report?

21 A. Yes.

22 Q. Was that the report he presented to the board on June  
23 29<sup>th</sup> of 2006?

24 A. That Adrian Anderson --

25 Q. Yes, I'm sorry.

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1 A. -- presented? Yes.

2 Q. And can you read the first sentence of that conclusion for  
3 us, please?

4 A. "As stated earlier, we have conducted a thorough analysis  
5 of the Miller & Jacobs CLO offering and we are of the opinion  
6 that it is a reasonable offering subject to negotiating certain  
7 terms."

8 Q. Thank you. So Mr. Anderson obviously recommended that this  
9 was a reasonable investment?

10 A. Yes.

11 Q. Given some adjustments to certain terms, is that right?

12 A. Yes.

13 Q. And that was presented to the board, and they subsequently  
14 conditionally approved the investment, is that right?

15 A. Yes.

16 Q. All right. And at some point in there, you indicated that  
17 you made a contribution to the Civic Fund in the amount of,  
18 what was that, \$15,000?

19 A. Yes.

20 Q. And you said it was in response to a letter. I'm showing  
21 you what's been marked as Defendants' Exhibit 19. Was it a  
22 letter similar to this that you were responding to when you  
23 made the contribution?

24 A. Yeah, that looks like the letter.

25 Q. Okay. And your check to the Civic Fund was dated August

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1 29<sup>th</sup> and it was in the amount of \$15,000, correct?

2 A. Yes.

3 Q. Did you attend this fundraiser on August 29, 2007?

4 A. No, I didn't.

5 Q. You did not?

6 A. No.

7 Q. Did you send your check in?

8 A. I think I gave it to Chris Jackson.

9 Q. Anything improper about that?

10 A. No.

11 Q. Now, the investment had already been approved when you made  
12 your contribution to the Civic Fund, had it not?

13 A. Yes.

14 Q. And subsequently there were some problems with the  
15 warehousing aspect of the investment, is that correct?

16 A. Yes.

17 Q. Can you explain to us again in a little simpler terms  
18 exactly what was going on? First of all, what the warehousing  
19 stage is?

20 A. The warehousing stage is the buildup of the investment. So  
21 that's the stage where Miller & Jacobs, Acadia, is purchasing  
22 loans from banks across the country. So they're building up  
23 the portfolio.

24 Q. And then once they purchase a bunch of these different  
25 loans, they're going to assemble them into a bundle?

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1 A. Yes.

2 Q. And then they're going to use that -- as we talked about,  
3 they're going to use that bundle of loans as a separate  
4 investment, right?

5 A. Right. That becomes the investment. So as companies are  
6 paying on their loans, there's a servicing arm that takes in  
7 the loan payments, and that trustee transfers the money to the  
8 Acadia fund. So it becomes now a performing asset.

9 Q. And what is the connection between UBS and the warehousing  
10 process?

11 A. UBS -- Acadia is a much smaller manager, so they're  
12 selecting the actual loans that they want to acquire. UBS is  
13 the larger entity that has the capacity to take in all of the  
14 loans when they're building up the portfolio, the loans are  
15 actually warehoused at the investment banking firm, UBS.

16 Q. And where is the pension money at this point in time?  
17 Where is it in the process?

18 A. It's in the -- it's the equity in the warehouse. So the  
19 best example I would use, if you're buying a home, there's a  
20 requirement for down payment equity. If you're buying a home  
21 for \$200,000 and your requirement of equity is 10 percent,  
22 you'll put 20,000, the mortgage company is going to finance  
23 180,000. In this case, the pension funds are the equity  
24 portion of the overall financing.

25 Q. They're the home buyer putting the down payment down,

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1 correct?

2 A. Correct.

3 Q. And so they've got their down payment in and UBS is holding  
4 onto that money?

5 A. Correct.

6 Q. And then UBS indicates or they start getting skittish  
7 because of the turn in the market. Is that what happened here?

8 A. Correct.

9 Q. What do they do? They're calling in their loan, is that  
10 what it's called?

11 A. Exactly.

12 Q. And as a result of that, that put the pension money at  
13 risk, is that right?

14 A. Correct.

15 Q. And so there came a period of time where the funds, the  
16 pension systems had to determine how they wanted to proceed.  
17 Were they just going to let it die, or did they want to see if  
18 they could make some further investments to salvage the thing,  
19 to extend it, correct?

20 A. Correct.

21 Q. And, in fact, Mr. Anderson was involved in that and he went  
22 before the board and he said he was looking for an additional  
23 lender, somebody other than UBS to cover the investment, is  
24 that right?

25 A. Correct.

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1 Q. And he recommended to both boards, did he not, that they  
2 should extend the warehousing agreement in order to give him  
3 some additional time to see if he could find a different  
4 lender, is that what was going on?

5 A. Correct.

6 Q. So, in other words, it's a risk, but if you want to take a  
7 chance to salvage the initial investment, it makes sense to try  
8 this, is that what he was doing?

9 A. Correct, correct.

10 Q. And was that a reasonable approach to the problem?

11 A. Yes.

12 Q. And is that, in fact, what occurred?

13 A. Yes.

14 Q. And then it turns out that he was unsuccessful in finding  
15 another lender, or what happened?

16 A. Yes. There was, immediately into the period of the credit  
17 market essentially collapsing, so there was no replacement, to  
18 my knowledge.

19 Q. So the thing that frightened UBS was frightening all the  
20 other alternative lenders at that point in time?

21 A. Correct.

22 Q. And eventually the investment went south, let's just put it  
23 that way, correct?

24 A. Correct.

25 Q. Now, isn't it true that the retirement systems subsequently

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1 filed a lawsuit against UBS to try and recoup their money?

2 A. Yes.

3 Q. And was that at Mr. Anderson's recommendation as well?

4 A. Yes.

5 Q. And that was sometime after in 2009 or thereafter, is that  
6 right?

7 A. Yes.

8 MR. REX: Okay. I have nothing further, thank you.

9 THE COURT: Thank you. Anyone else?

10 MR. LADASZ: No questions, Your Honor.

11 THE COURT: Mr. Cares.

12 (12:06 p.m.)

13 **REDIRECT EXAMINATION**

14 BY MR. CARES:

15 Q. Acadia-1, direct your attention to the Huddleston memo  
16 dated February 27, 2006.

17 MR. CARES: Would you go to Acadia-2, page 2, and  
18 top paragraph.

19 BY MR. CARES:

20 Q. Besides the fees, did Huddleston point out a problem with  
21 the asset liability structure?

22 A. Yes.

23 MR. CARES: Would you go to the next paragraph where  
24 it starts, "This transaction may subject the GRS to UBTI."

25

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1 BY MR. CARES:

2 Q. Mr. Huddleston pointed out another problem with his  
3 proposed investment dealing with unrelated business tax income,  
4 is that correct?

5 A. Yes.

6 Q. And you see at the second paragraph that's enlarged, it  
7 states, "The system runs the risk that the IRS will see through  
8 the offshore structure as merely a sham and subject the  
9 investment to UBTI. This would impose a 34 percent federal  
10 income tax plus state and local income taxes on the earnings  
11 attributable to the funding debt which would drive the return  
12 on the system's equity investment down substantially." Is that  
13 what it says?

14 A. Yes.

15 Q. Next paragraph, did Huddleston also find a problem  
16 regarding ERISA eligibility?

17 A. Yes.

18 Q. The next enlarged paragraph, please, and that paragraph is  
19 captioned, "The leverage is excessive given the underlying  
20 collateral." Is that another problem that Huddleston pointed  
21 out?

22 A. Yes.

23 Q. Acadia-1-3, the next -- we've already talked about the  
24 first paragraph. Going to the next captioned paragraph,  
25 another problem identified by Huddleston was the collateral

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1 manager's qualifications, is that correct?

2 A. Yes.

3 Q. So fair to say that the financial analyst had problems with  
4 this proposed investment back in 2006 other than just the fees?

5 A. Correct.

6 Q. Now, let's go to Acadia 8-3. These, again, are the minutes  
7 of September 20, 2007, the second whereas paragraph. It's  
8 pointed out that at this point the board could lose \$8 million,  
9 correct?

10 A. Correct.

11 Q. But, instead, the board proceeded to go on and they  
12 eventually lost 20 million just for this one retirement system,  
13 correct?

14 A. Yes.

15 Q. So it was a big gamble, wasn't it?

16 A. Yes.

17 Q. Same with the GRS, correct?

18 A. Correct.

19 Q. And they lost in that gamble, correct?

20 A. Yes.

21 MR. CARES: No further redirect.

22 MR. REX: Just a few.

23 THE COURT: Mr. Rex.

24 (12:11 p.m.)

25

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**RECROSS EXAMINATION**

BY MR. REX:

Q. The gamble that he's referring to is the extension of the warehouse loan, is that right?

A. Yes.

Q. Well, the government has introduced the minutes from September 19, 2007, and one of pages that wasn't included in there is what I have marked here as Defendants' Exhibit 23.

THE COURT: Okay. It's already in, but --

MR. REX: Well, this page wasn't included in it, Judge, so I've marked it separately.

THE COURT: All right. It will be received.

(Defendants' Exhibit 23 received into evidence.)

BY MR. REX:

Q. I'm showing you what's been marked as Defendants' Exhibit 23, and in these minutes, it indicates that Mr. Anderson, the board conferenced with Mr. Anderson by telephone regarding the UBS issues, and North Point, Mr. Anderson, recommended that the board sign the warehouse extension with UBS, is that right?

A. Yes.

Q. And that's, in fact, what occurred?

A. Yes.

Q. Based on his recommendation?

A. Yes.

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1 MR. REX: Okay. Thank you, nothing further.

2 THE COURT: Done? Thank you, you may be excused.

3 THE WITNESS: You're welcome.

4 (Witness excused at 12:13 p.m.)

5 MR. GARDEY: Your Honor, United States calls  
6 Chris Jackson as a witness.

7 **CHRISTOPHER JACKSON,**

8 at 12:13 p.m., being first duly sworn by the Court to  
9 tell the truth, was examined and testified upon his oath  
10 as follows:

11 THE COURT: Take the stand there, please.

12 **DIRECT EXAMINATION**

13 BY MR. GARDEY:

14 Q. Please state your full name, Mr. Jackson.

15 A. Christopher Troy Jackson.

16 Q. Where are you from originally?

17 A. Detroit, Michigan.

18 Q. Is that where you were born and raised?

19 A. Yes.

20 Q. How are you currently employed?

21 A. Self-employed.

22 Q. And what businesses do you operate on your own?

23 A. Currently, I have a consulting business, Jackson Consulting  
24 Group, and a development firm, Queen Lillian; another marketing  
25 firm called Premier Marketing Group.

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1 Q. So you currently have three businesses?

2 A. Yes.

3 Q. First, Jackson Consulting Group?

4 A. Yes.

5 Q. Secondly, Queen Lillian Development?

6 A. Yes.

7 Q. And then Premier, what was the name of the third company?

8 A. Premier Marketing Group.

9 Q. What kind of business is Queen Lillian Development?

10 A. We are a real estate, commercial real estate development  
11 firm.

12 Q. And what does Premier Marketing do?

13 A. It is a marketing firm currently doing third-party  
14 marketing.

15 Q. What does Jackson Consulting Group do?

16 A. Jackson Consulting Group is a business development,  
17 government relations consulting firm.

18 Q. Does it now or has it ever, Jackson Consulting Group, ever  
19 done any work as a third-party marketer?

20 A. Yes.

21 Q. When you say third-party marketing, what are you talking  
22 about?

23 A. Third-party marketing in the sort of finance industry,  
24 working with entities who are trying to do business with  
25 pension funds, in particular, representing them, marketing

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1 their products or their services.

2 Q. How many years have you been working as a consultant?

3 A. Since 1997, '98.

4 Q. What did you do before 1997, 1998?

5 A. Prior to that, I worked for the City of Detroit in the  
6 office of Detroit City Councilman Gil Hill.

7 Q. What position did you have when you were working in  
8 Councilman Gil Hill's office?

9 A. The last three years or so I was his chief of staff, and  
10 prior to that, I was one of the legislative aides.

11 Q. What years did you work for Councilman Gil Hill?

12 A. From '91 through the time I formed Jackson Consulting  
13 Group, which was maybe around '97, '98, I believe, if I recall.

14 Q. After you left employment with Councilman Hill, besides  
15 working as a consultant, did you do anything else?

16 A. Yes.

17 Q. What's that?

18 A. I became a partner in a group called Monroe Partners.  
19 Monroe Partners was a 50 percent owner of Greektown Casino.

20 Q. Who were your partners in the Monroe Partners?

21 A. There were about 10 various partners. Do you want me to  
22 list all of them or --

23 Q. Who were the most significant partners?

24 A. The larger shareholders were Ted Gatzaros and his wife,  
25 Jim Papas and his wife. They were, would have been the four

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1 largest shareholders. Next after that would have been Art  
2 Blackwell and then myself.

3 Q. While you were working as the chief of staff for Councilman  
4 Gil Hill, did your work involve the Detroit Police and Fire  
5 Retirement System?

6 A. Yes.

7 Q. And why was that?

8 A. Councilman Hill was appointed by his colleagues on the  
9 Detroit City Council to sit on the Police and Fire Pension  
10 Board. In my capacity, I attended the meetings with him, I met  
11 with individuals who were doing business with the board to  
12 bring him up to speed on the activities of the board as he was  
13 doing his due diligence and making his decisions.

14 Q. So when you attended meetings, would that be the meetings  
15 of the board of trustees or the Police and Fireman Retirement  
16 System?

17 A. Yes.

18 Q. How many years was Councilman Hill a trustee of the Police  
19 and Fire Retirement System?

20 A. I can't recall the exact number of years.

21 Q. Approximately?

22 A. At least five.

23 Q. Okay. During that period of time when you were working  
24 with Councilman Hill in connection to the retirement system,  
25 was Ron Zajac the general counsel of the system?

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1 A. Yes.

2 Q. Now, Mr. Jackson, do you have any agreements with the  
3 United States Attorney's Office concerning your activities?

4 A. Yes.

5 Q. What's that?

6 A. It's an immunity agreement that, it is my understanding  
7 that, as I testify truthfully here in these proceedings, that  
8 none of what I testify to here today will be used against me.

9 Q. What happens if you're untruthful in your testimony or it's  
10 found that you've been untruthful in the past to the  
11 government?

12 A. It's my understanding that if I -- I would be in sort of a  
13 breach of the immunity agreement.

14 Q. Would the government be able to use your statements and  
15 your testimony against you in a future prosecution?

16 A. That is my understanding.

17 Q. Now, earlier you testified that you worked as a third-party  
18 marketer for investment sponsors seeking monies before pension  
19 funds, is that correct?

20 A. Yes.

21 Q. And what period of time were you seeking, were you acting  
22 as a third-party marketer before the Detroit Pension Funds?

23 A. Approximately from 1998 through maybe 2008, 2009, somewhere  
24 in that time period.

25 Q. As a third-party marketer, how do you get compensated for

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1 your representation before the pension funds?

2 A. Depends on the assignment, if you will. As relates to  
3 asset management firms, asset management firms are paid a fee  
4 by the board, and third-party marketers then will receive a  
5 percentage of that fee.

6 As relates to alternative investments, when someone  
7 is getting a direct loan or investment from the board, a  
8 third-party marketer then would negotiate with the client a  
9 percentage. The fee is based on a percentage of the amount of  
10 the loan itself.

11 Q. What if the asset manager or the alternative investor is  
12 unsuccessful in getting any monies invested by the pension  
13 funds? Do you get paid?

14 A. Under most arrangements -- under my arrangements, no, I do  
15 not.

16 Q. Do you have an incentive in representing investment  
17 sponsors as a third-party marketer to make sure they're  
18 successful in getting investment monies from the pension fund?

19 A. Yes.

20 Q. What is that incentive?

21 A. The incentive is that you only get paid if they are  
22 successful and either being hired as an asset manager or  
23 receive an allocation.

24 Q. For an alternative, can you explain what an alternative  
25 investment is before the pension fund?

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1 A. Alternative investment is where the fund would do a direct  
2 investment into a company or a project, as opposed to asset  
3 allocation is when the board is hiring a asset manager to  
4 manage money on their behalf.

5 Q. Did you have a common fee or percentage that you would  
6 use -- you would charge for an alternative investment sponsor?

7 A. Typically, it could be anywhere from 1 to 2 percent of the  
8 amount of the investment.

9 Q. One to 2 percent of the investment monies received from the  
10 pension funds?

11 A. Yes.

12 Q. So if the investment sponsor was successful in getting  
13 \$10 million from a pension fund, what would be your fee if your  
14 fee was 2 percent?

15 A. It would be 200,000.

16 Q. During the period 2006 through 2009, you were acting as a  
17 third-party marketer before the two Detroit Pension Funds?

18 A. Yes.

19 Q. What were some of the companies that you represented before  
20 that time period for the Detroit pension systems?

21 A. Both asset management and alternative investment?

22 Q. Right, both.

23 A. At that time, I represented Earnest Partners, Union  
24 Heritage, Life Assurance Fund, Oracle Capital Management, Real  
25 Times Media. I had a couple joint representation agreements

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1 with a fund, Woodward Peachtree Associates.

2 THE COURT: Mr. Jackson, I'm sorry to interrupt you.  
3 I'm having a hard time hearing you. I'm guessing the jury  
4 might be, too. Could you pull the microphone a littler closer  
5 and try and keep your voice up a little bit. Thank you.

6 BY MR. GARDEY:

7 Q. You were speaking about Peachtree Woodward. What was that?  
8 You had a joint arrangement with them?

9 A. I had a joint representation agreement with Woodward  
10 Peachtree Associates, yes.

11 Q. And who was Woodward Peachtree Associates?

12 A. Kevin Ransom was the principal.

13 Q. What companies did you represent in connection with your  
14 joint representation with Kevin Ransom?

15 A. As I recall, there was a firm, Acadia. I believe that  
16 might have been the CLO, collateralized loan obligation, and I  
17 can't remember off the top of my head, maybe the second. It  
18 was two different rep -- two different products that he and I  
19 jointly represented.

20 Q. You mentioned that you represented Union Heritage. Was the  
21 principal of Union Heritage Derek Batts?

22 A. Yes.

23 Q. And you also said Life Assurance Fund. Was that also again  
24 Derek Batts?

25 A. Yes.

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1 Q. And in connection to Oracle Capital, was that David Morris  
2 and Darrin Eaton?

3 A. Yes.

4 Q. And Real Times, who was the principal for Real Times you  
5 worked with?

6 A. Hiram Jackson.

7 Q. In order for the Detroit Pension Funds to invest with your  
8 clients, would the board of trustees of the particular  
9 retirement system have to vote in favor of the proposed  
10 investment?

11 A. Yes.

12 Q. And before each board of trustees, would you need a certain  
13 number of votes?

14 A. Yes.

15 Q. Generally, what was that?

16 A. There was -- on the police and fire, I believe they had 11  
17 trustees, and so I believe you needed six, if I recall, and  
18 maybe the same amount on the general board.

19 Q. So you needed the support of a majority of the trustees  
20 voting on an investment?

21 A. Yes.

22 Q. As the third-party marketer, what kinds of things would you  
23 do in order to get the pension trustees to vote in favor of  
24 your client's investment proposals?

25 A. First, I would introduce the client to the trustees, try to

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1 introduce them to as many trustees as possible, to introduce  
2 their product or their services. That would -- following that,  
3 I would typically do follow-up, especially if my client was not  
4 in town, did not reside here, the business was not based here,  
5 and so I would do continued follow-up, i.e., having lunch or  
6 dinner, drinks, attending conferences, continuously trying to  
7 educate the trustees about that product or the services of my  
8 client.

9 Q. Did you do any fundraising in connection with your efforts  
10 to represent your sponsors or asset managers?

11 A. Yes.

12 Q. What kind of fundraising did you do?

13 A. I've done fundraisers from assisting trustees who are  
14 running for office for their particular union offices, their  
15 trustee seats, to trustees who actually have elected office,  
16 I've assisted or either contributed to campaigns.

17 Q. So one thing you did was certain trustees were officers of  
18 unions, is that correct?

19 A. Yes.

20 Q. And those trustees would have to run for reelection as an  
21 officer of their particular union?

22 A. Yes.

23 Q. And you said you would raise money for those trustees in  
24 connection with their union office reelection?

25 A. Yes.

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1 Q. And you also indicated that some trustees had to run for  
2 election by the pensioners and as a trustee of a particular  
3 system, is that correct?

4 A. Yes.

5 Q. Would you also raise funds for those trustees in their  
6 reelection as a trustee?

7 A. Raise or directly contribute myself, yes.

8 Q. And then you also said some of the trustees held elective  
9 office?

10 A. Yes.

11 Q. Which ones would those be?

12 A. It would be the individual city councilpersons who sat on  
13 the board at the time, and then the mayor himself actually was  
14 a trustee or he could designate his representative on the  
15 board.

16 Q. And as part of your fundraising activities, were you  
17 involved in fundraising for the Kilpatrick Civic Fund?

18 A. Yes.

19 Q. How was it that you got involved in raising funds for the  
20 Kilpatrick Civic Fund?

21 A. I believe initially either talking to either the mayor or  
22 to Jeff Beasley regarding being a -- I think initially I was  
23 actually just a contributor, maybe when they had the first  
24 large fundraiser, and then a year after that, I actually served  
25 as a cochair of an event and I think I was asked either by the

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1 mayor or Mr. Beasley.

2 Q. So originally you were just a contributor to the fund and  
3 then later became more involved?

4 A. Yes.

5 Q. What year later was it that you became more involved with  
6 the Civic Fund?

7 A. The year that I believe that I served as the chair was two  
8 thousand either eight or nine.

9 Q. Did you give advice to your investment clients, either  
10 asset managers or investment sponsors, as to whether they  
11 should contribute to the Civic Fund?

12 A. Yes.

13 Q. What advice would you give them?

14 A. That I thought it was a good idea that they contribute.  
15 When I was serving as the chair of the event, one, certainly,  
16 make me look good, that my clients all participated and that  
17 that was a way for also most of my clients, there is a SEC rule  
18 called G37 where they could not make political contributions  
19 over a certain amount unless they actually could vote for that  
20 particular elected official in their local elections, and so I  
21 shared with my clients that the Civic Fund was a way to show  
22 support for the city and for the mayor.

23 Q. Did you think it was important for your clients to  
24 contribute to the Civic Fund in connection with their  
25 investment proposals pending before the two retirement systems?

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1 A. Yes.

2 Q. Why was that?

3 A. Again, I thought it would certainly endear them and their  
4 proposals to the mayor and his representatives. It would make  
5 me look good as relates to being their marketer, as I was the  
6 person on the front line representing their interests.

7 Q. You said it would make you look good as their third-party  
8 marketer, is that correct?

9 A. Yes.

10 Q. And were the trustees aware in these different companies  
11 that you represented that you were acting as a third-party  
12 marketer for them, for your particular client?

13 A. Yes, I was required to disclose my relationship with my  
14 clients to the board.

15 Q. Did it enhance your ability as a third-party marketer to  
16 have your clients contribute to the Civic Fund?

17 A. I believe it did, yes.

18 Q. What made you believe that?

19 A. Well, by participating and being successful, being able to  
20 raise money for the Civic Fund, large amounts, that it  
21 certainly gave me access, and I felt that it endeared myself to  
22 the individuals who were, you know, various people who were  
23 associated with the Civic Fund and the administration.

24 Q. You said you hoped that your clients would be endeared to  
25 certain people. Who were you trying to get your clients

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1       endeared to?

2       A.   Well, as relates to the Civic Fund fundraisers, you know,  
3       the mayor had four on the police and fire, had four  
4       representatives, he had three representatives on the general  
5       board, and so certainly by strongly supporting an initiative  
6       that supports the mayor, the natural inclination, and I  
7       suggested to my clients that it would certainly endear us to  
8       those representatives.

9       Q.   And when you say "the mayor had four representatives," do  
10      you mean there were four trustees on the police and fire board,  
11      trustees connected to the mayor, Kwame Kilpatrick?

12      A.   Yes.

13      Q.   And you said on the General Retirement System, you said  
14      there were three trustees connected to the mayor for the city?

15      A.   Yes, I believe there were three, three or four.

16      Q.   Besides trying to endear or curry favor with the mayor's  
17      trustees --

18                 MR. REX:   Well, strike that, he's characterizing the  
19      answer, and that's not what he said.

20                 THE COURT:   I think that's correct.   You need to  
21      kind of reask that.

22      BY MR. GARDEY:

23      Q.   Besides trying to endear your clients to the mayor's  
24      trustees on the two pension boards, did you also have any  
25      concerns if your clients did not contribute to the Civic Fund?

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1 A. I did. As a marketer, I felt that by not contributing to  
2 the fund that it would potentially reflect negatively on my  
3 clients relative to what their level of support was for the  
4 mayor and for his initiatives.

5 Q. If a client didn't contribute to the Civic Fund, would that  
6 help or hurt in gathering a majority of votes needed on the two  
7 retirement systems?

8 MR. REX: I'm going to object, calls for  
9 speculation.

10 THE COURT: Overruled, you may answer.

11 A. I felt that it would help by them contributing to the Civic  
12 Fund.

13 BY MR. GARDEY:

14 Q. And based on your experience before the two retirement  
15 systems as a third-party marketer, did you find that when your  
16 clients contributed to the Civic Fund that helped them in  
17 getting the necessary votes to get their investments approved?

18 MR. REX: Objection, lack of foundation.

19 THE COURT: I think you need more foundation,  
20 Mr. Gardey.

21 MR. GARDEY: Okay.

22 BY MR. GARDEY:

23 Q. Now, you testified earlier that either Mayor Kilpatrick or  
24 Jeff Beasley was the one who asked you to act as a chairman and  
25 actively fundraise for the Kilpatrick Civic Fund, is that

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1 correct?

2 A. Yes.

3 Q. Who was Jeff Beasley?

4 A. He was the treasurer of the City of Detroit.

5 Q. Did he have any positions with the two retirement systems?

6 A. The city charter actually states that whoever the city  
7 treasurer is then they, by charter, sit on both or have a seat  
8 on both pension funds.

9 Q. So Mr. Beasley was a trustee of both retirement systems?

10 A. Yes.

11 Q. What role -- based on your observations as a third-party  
12 marketer in the period 2006 through 2008, what role did  
13 Mr. Beasley play on the two boards?

14 A. In my opinion, he carried a -- had a leadership role. He  
15 was probably the most financially astute of the mayor's  
16 appointees, and he was the point person for, frankly, for, you  
17 know, for various investments that came through.

18 Q. So was Mr. Beasley the leader of the four mayoral trustees  
19 on the police and fire?

20 MR. REX: Well, objection as to foundation.

21 THE COURT: Sustained.

22 BY MR. GARDEY:

23 Q. During the period 2006 through 2008 you've already  
24 identified the multiple clients you had before the two  
25 retirement systems of Detroit, is that correct?

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1 A. Yes.

2 Q. And during that period of time were you actively seeking to  
3 get the boards to approve the investments for that list of  
4 clients?

5 A. Yes.

6 Q. And in connection with that, did you speak to trustees  
7 about those investments?

8 A. Yes.

9 Q. And was that during -- active during that entire time  
10 period that Mr. Beasley was on the board, 2006 through 2008?

11 A. Yes.

12 Q. And during that period of time, did you come to a  
13 conclusion as to whether Mr. Beasley played a leadership role  
14 in connection with the mayoral trustees on the two pension  
15 systems?

16 MR. JONES: Objection, Your Honor, it's the same  
17 objection. There's no foundation laid, he just repeated what  
18 he observed. He hasn't established a foundation.

19 THE COURT: I think this is adequate. Overruled.

20 BY MR. GARDEY:

21 Q. You can answer the question.

22 THE COURT: You may answer.

23 A. Oh, okay. I looked at him as if that block of votes, that  
24 he was the point person, and I guess provided that was the  
25 person you go to as relates to the mayor's representation.

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1 BY MR. GARDEY:

2 Q. Besides yourself, who else to your knowledge played a role  
3 in fundraising for the Kilpatrick Civic Fund?

4 A. One year, I believe Jim Papas was involved, more from an  
5 administrative perspective. Emma Bell was involved. You  
6 had -- Mr. Beasley was involved, and if I can recall, maybe on  
7 our committee, I believe maybe Ron Zajac was maybe on a  
8 meeting, was involved as well.

9 THE COURT: I'm sorry, what was that name?

10 THE WITNESS: Ron Zajac.

11 BY MR. GARDEY:

12 Q. You said -- you were talking about "our committee." What  
13 committee are you talking about in connection with the  
14 Kilpatrick Civic Fund?

15 A. Well, it was an unofficial committee, but the group that  
16 assembled to discuss the fundraiser and to identify potential  
17 donors to the Civic Fund.

18 Q. And the people you just identified, yourself, Mr. Beasley,  
19 Mr. Zajac, Mr. Papas, Ms. Bell, were those members of this  
20 committee connected to Kilpatrick fundraising?

21 A. Well, to this particular fundraiser. I'm not sure if they  
22 were involved with other fundraising activities for the Civic  
23 Fund, but this was a particular event that we were all planning  
24 together.

25 Q. And this event you're talking about, is this where you

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1 acted as the chair of the fundraising event?

2 A. Yes.

3 Q. To your knowledge, what did Mr. Zajac do in connection with  
4 the raising money for the Kilpatrick Civic Fund?

5 A. To my knowledge, he just identified various individuals who  
6 we thought would be groups that we could go after or to solicit  
7 support, and I believe he was responsible for making some calls  
8 to some of the legal, law firms who did business with the  
9 board.

10 Q. So Mr. Zajac was targeting law firms or lawyers connected  
11 to the two retirement system boards of trustees?

12 A. Yes, for that event, yes, that was his --

13 Q. How about Mr. Beasley, what role did Mr. Beasley play in  
14 fundraising based on your experience?

15 A. I can't recall exactly who he called or was responsible  
16 for. I think he was just more there representing as a liaison  
17 to the Civic Fund itself.

18 Q. Were there particular groups that Mr. Beasley would target?

19 MR. REX: That's just been asked and answered.

20 THE COURT: Sustained.

21 BY MR. GARDEY:

22 Q. Why was Mr. Beasley involved in raising funds for the  
23 Kilpatrick Civic Fund?

24 A. He was the treasurer of the pension fund. The majority of  
25 people we were soliciting were people who were doing business

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1 with the Civic Fund. I mean, they were doing business with the  
2 pension board. He did have relationships with various  
3 individuals who were doing business with the board, and he was  
4 sort of the liaison also to the Civic Fund itself, which, you  
5 know, myself and no one else, we weren't connected to the Civic  
6 Fund itself, but he had a relationship with the mayor as being  
7 the treasurer.

8 Q. So out of the group of your committee, only Mr. Beasley had  
9 connections to Mayor Kilpatrick and the Kilpatrick Civic Fund?

10 A. He would have been the liaison, yes.

11 Q. Did you view contributing to the Kilpatrick Civic Fund as a  
12 way to influence trustees of the two Detroit Retirement  
13 Systems?

14 A. It was certainly a way to endear myself and my clients,  
15 yes, to the group that represented the mayor on the pension  
16 fund.

17 Q. And you said particularly you ran one of the fundraisers  
18 for the Civic Fund?

19 A. Yes.

20 Q. And you thought that was either 2008 or 2009?

21 A. Yes.

22 Q. And where did that event take place?

23 A. At the Atheneum Hotel.

24 Q. Do you know what month it took place?

25 A. I get the two confused. That one may have been in August.

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1 One was, one year was August, one year maybe October. But I  
2 think that one may have been August.

3 Q. And this particular fundraiser that you were involved in,  
4 was it dominated by companies that had business before the two  
5 retirement systems?

6 A. Yes.

7 Q. Now, in the period 2006 through 2008, did you have  
8 knowledge of other individuals who worked as third-party  
9 marketers before the two Detroit Pension Funds?

10 A. Yes.

11 Q. And who were those?

12 A. There was a gentleman, he's deceased now, by the name of  
13 Steve Pankake. Kevin Ransom, Woodward Peachtree. Those were  
14 the -- oh, Sherman Larkins, who was a former partner of mine.  
15 Those were the individuals who I think may have been more  
16 prominently involved in third-party marketing.

17 Q. Did Marc Andre Cunningham work as a third-party marketer  
18 during that period, 2006 to 2008?

19 A. I know that he had come to me about wanting to get into the  
20 business or getting into third-party marketing, yes.

21 Q. How about Jim Papas, did he act as a third-party marketer?

22 A. To my knowledge, he acted sort of in the capacity in a  
23 particular deal. I was not -- I never really looked at him as  
24 a third-party marketer to the extent that I was, but I knew  
25 that he was lobbying on behalf of a particular deal or two, and

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1 so -- but never knew exactly what his, if he was acting as a  
2 third-party marketer or what he was getting paid. I didn't  
3 know his arrangement, but I guess he was acting in that type of  
4 capacity.

5 Q. Al Huff, do you know if Al Huff ever acted as a third-party  
6 marketer during that period of time?

7 A. I know that he was considered a consultant for a air  
8 freight cargo project with a Donald Watkins. I'm not sure if  
9 he deemed himself as a third-party marketer, or I was always  
10 told he was a consultant.

11 There is a little bit of a difference between, when  
12 you're a third-party marketer, you do subject yourself to the  
13 board and you disclose your arrangement, your fees. Your  
14 client subjects itself to a six- or seven-point letter  
15 disclosing the arrangement between you and the client. So I'm  
16 not sure if he was acting in that capacity or just in some  
17 consulting capacity to Mr. Watkins, but, yes, I know he was  
18 involved in trying to help him with the project.

19 Q. Now, earlier you testified about contributing money to  
20 trustees' different election campaigns, do you recall that?

21 A. Yes.

22 Q. Which trustees did you raise money for or contribute to for  
23 their election campaigns?

24 A. During that period?

25 Q. Yes, 2006 through 2008.

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1 A. So it would have been Marty Bandemer, president of Detroit  
2 Police Officers Association; Paul Stewart, vice president,  
3 Detroit Police Officers Association; James Moore, who was a  
4 officer in the Command Officers Association.

5           Seems as if I may have contributed to Ron Gracia,  
6 who was on the general board, for his election to the board, as  
7 well as maybe to his union office; David Clark, who was on the  
8 general board, for his election to office. Cedric Cook, I'm  
9 not sure if he was a trustee during that period. I know I've  
10 contributed or either assisted in raising money for his  
11 campaign on the general board.

12           Did you want to know the elected officials or just  
13 the nonelected --

14 Q. How about elected officials who also served as trustees?

15 A. So it would have been Brenda Jones, who is a city  
16 councilperson who also sits on Police and Fire Board at that  
17 time; I believe Sheila Cockrel who at the time sat on the  
18 General Pension Fund, either it was her or -- during that  
19 period of time, her and Shantel Jenkins on the general board  
20 were both city councilpersons, and Mayor Kilpatrick, who was  
21 the mayor of the City of Detroit.

22 Q. How about Alberta Tinsley-Talabi, did you contribute to her  
23 as well?

24 A. Yes, I did, thanks. Alberta Tinsley-Talabi, so actually it  
25 might have been her, I'm not sure if Brenda Jones was on during

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1 that period. I'm not certain about, it was more so probably  
2 Alberta. During 2006 to 2009?

3 Q. Yes.

4 A. Is that the time period?

5 Q. Yes. And why was it that you contributed the money to  
6 these trustees and their campaigns?

7 A. Again, I felt that endeared myself, and helped to gain  
8 access to the trustees, supporting their elections, and by  
9 doing that, it then made me, I guess it gave me -- or made me  
10 stronger as a third-party marketer to the extent that I  
11 endeared myself to trustees and also had access to the trustees  
12 that made me, you know, a more effective third-party marketer.

13 Q. You said that you raised or gave money to James Moore,  
14 trustee of the Police and Fireman Retirement System. How much  
15 money did you raise for Mr. Moore?

16 A. Well, I personally wrote a check for -- or made a donation,  
17 I should say, of a thousand dollars.

18 Q. Did you also participate in getting others to contribute to  
19 Mr. Moore's campaign?

20 A. Yeah, I think I did call some people. I think there was  
21 only about maybe 10 to 12 people who actually contributed, and  
22 some of those individuals I called to solicit or ask that they  
23 support his candidacy or his campaign.

24 Q. Who did you ask to contribute to Mr. Moore's campaign?

25 A. From what I recall, I believe I asked Robert Shumake, I

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1 believe I personally reached out to maybe Roy Dixon; I may have  
2 reached out to one of my clients, maybe to Derek Batts, I'm not  
3 certain, but I may have reached out to him. There was about  
4 three or four people that recall that I called.

5 Q. Did Robert Shumake have investments pending before the  
6 Police and Fireman Retirement System at this time?

7 A. I believe he did.

8 Q. How about Roy Dixon? At the time that you reached out to  
9 him to contribute to Mr. Moore, did Mr. Dixon have investments  
10 pending before the Police and Fireman Retirement System?

11 A. Yes.

12 Q. And how about Mr. Batts, did he have investments pending?

13 A. Yes.

14 Q. Did you give any advice to Mr. Batts, your client, about  
15 whether he should contribute to Mr. Moore's campaign?

16 A. Yes.

17 Q. What advice did you give him?

18 A. That I thought he should do it, that he should support  
19 James, his reelection.

20 Q. Why did you give that advice to Mr. Batts?

21 A. That I -- initially I told him that, which he agreed that  
22 James Moore was a good trustee, he's been supportive of him in  
23 his initiatives and we should support him.

24 Q. Now, in 2006 or 2007, did you have a conversation with  
25 Jeff Beasley about Trustee James Moore and his voting patterns

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1 as a trustee of the Police and Fire Board of Trustees?

2 A. I recall that we had some discussion about maybe talking  
3 about the structure of the board and votes, maybe, balance of  
4 votes, and I think we may have had some conversation about past  
5 administrations and in that particular seat, that that was a  
6 key seat on the board.

7 Q. This is a conversation you had with Mr. Beasley?

8 A. Yes.

9 Q. And you said that this was a key seat. What seat are you  
10 talking about on the Police and Fire Board of Trustees?

11 A. The Command Officers Union seat.

12 Q. And was that the seat that James Moore occupied on the  
13 board of trustees?

14 A. Yes.

15 Q. What did you talk to Mr. Beasley about that particular seat  
16 and your prior experience in connection with the retirement  
17 system?

18 A. With my prior experience, going back to my former boss when  
19 he was a trustee, that that person in that seat in their day  
20 job, they were an appointee of the mayor. Although they were  
21 elected to that pension board seat and that certainly to the  
22 extent that the administration in the past had seen that they  
23 have had a good relationship with that person, that person,  
24 that would carry some favor that that person may be an ally for  
25 the administration when it came to the pension board.

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1 Q. What could the administration do in connection with that  
2 particular seat, the person who was the head of the Command  
3 Officers Union?

4 A. Well, you -- once you are an appointee of the mayor, you  
5 serve at the pleasure and will of the mayor, and so that person  
6 can be -- the administration could reward that person or I  
7 guess ultimately the administration could also --

8 MR. JONES: Your Honor, I'm going to object. This  
9 is all calling for speculation. This isn't any personal  
10 knowledge he's speaking of. He's eliciting opinion.

11 BY MR. GARDEY:

12 Q. Mr. Jackson, I'm referring to your conversation with  
13 Mr. Beasley, what advice you gave to Mr. Beasley and what  
14 Mr. Beasley's reaction to your advice was. Did you give him  
15 this -- the advice that you're talking about to Mr. Beasley  
16 concerning rewarding the command officer representative on the  
17 board of trustees?

18 A. Well, I don't know, I mean, as far as the rewarding, but I  
19 did talk about how that that person could be an ally if, in  
20 fact, depending on how that relationship in the day job was  
21 cultivated, and so -- and I think that was pretty much the  
22 extent of it and that that was something that could be useful  
23 for the administration, what I had seen in the past with other  
24 mayoral administrations.

25 Q. How did Mr. Beasley react to your discussion of this

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1 subject?

2 A. He seemed receptive, and that it, certainly from a  
3 strategic standpoint, it made sense.

4 Q. Based on your experience with the pension fund during this  
5 period of time, the Police and Fire Retirement System, did you  
6 notice a change at all in the voting pattern of Mr. James  
7 Moore?

8 A. That, I cannot attest to what his voting patterns were  
9 prior to or after this conversation.

10 MR. GARDEY: Your Honor, I'm going to get into  
11 another subject area.

12 THE COURT: Then let's quit for the day. Have a  
13 nice evening. I'll see you in the morning. Thank you.

14 (Jury out 12:58 p.m.)

15 MR. HALL: Your Honor, one matter I'd like to take  
16 up with the Court before we adjourn.

17 I understand the government's going to file today a  
18 motion and memorandum to vacate compulsion order for Martin  
19 Bandemer.

20 THE COURT: They do.

21 MR. HALL: We intend to respond. Can you give us a  
22 time limit, Your Honor?

23 THE COURT: Well, I would say as soon as possible  
24 because I'd like to hear this as soon as possible. So how fast  
25 can you have it in?

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1 MR. HALL: By Wednesday, Your Honor.

2 THE COURT: Wednesday morning.

3 MR. HALL: Wednesday morning.

4 THE COURT: And then let's have the hearing on this  
5 on Thursday, is that soon enough?

6 MR. CARES: Yes.

7 MR. GARDEY: Yes, Your Honor.

8 THE COURT: So Thursday at, I'm going to say 2:30.

9 MR. HALL: Thursday. Thank you, Your Honor.

10 THE COURT: Yes, that was the matter I had as well.  
11 See you tomorrow.

12 (Proceedings adjourned at 1:00 p.m.)

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**C E R T I F I C A T I O N**

16 I, Suzanne Jacques, Official Court Reporter for the United  
17 States District Court, Eastern District of Michigan, Southern  
18 Division, hereby certify that the foregoing is a correct  
19 transcript of the proceedings in the above-entitled cause on the  
20 date set forth.

21

22

23 s:\\_\_\_\_\_

24 Suzanne Jacques, RPR, RMR, CRR, FCRR  
25 Official Court Reporter  
Eastern District of Michigan